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Colombo Regime Resigns in Italy In Coalition Split

ROME, Jan. 16 (NYT).—The government of Premier Emilio Colombo resigned yesterday because of strains within the center-left coalition on which it was based.

President Giovanni Leone requested that Mr. Colombo and his ministers remain as a caretaker cabinet, and announced he would start consultations with political leaders tomorrow before designating a new premier.

Italian commentators suggested that the newly elected president may ask Mr. Colombo to succeed himself by shuffling his government. If this fails, the observers said, Mr. Leone may turn to Paolo Emilio Taviani, minister of southern Italy in the outgoing cabinet, or former Premier Mariano Rumor.

Both men are middle-of-the-road members of Mr. Colombo's Christian Democratic party, Italy's strongest political movement.

Leaders of the four parties that supported the Colombo government are expected to advise Mr. Leone that an attempt should be made to continue their center-left alliance.

The four groups that have jointly governed Italy for most of the last seven years are the Christian Democrats, Socialists, Social Democrats and Republicans. The decision by the smallest of the four parties, the Republicans, to withdraw backing of the Colombo government precipitated the present crisis.

Factual Fonds

Other factors were factional feuds within the Christian Democratic party and tensions between this group and the three other parties in the government camp. Disagreement over strategy with regard to the Communist party was a major cause of these frictions.

The dissent in the coalition became glaringly apparent during the 16-day presidential election last month. Mr. Leone, a Christian Democrat, became head of state on the 23d ballot after his party decided to withdraw its original nominee, former premier Amintore Fanfani.

The government crisis means that parliament, which was due to reconvene on Tuesday for the first time since the presidential election, remains adjourned pending the nomination of a new cabinet.

The Colombo government was the 32d since the fall of the monarchy in 1946. It stayed in power for more than 17 months, considerably longer than the average 10-month lifespan of Italian governments during the last 25 years.

Mr. Sadat announced the cabinet shake-up after a nearly three-hour meeting with the Central Committee of the Arab Socialist Union, Egypt's only political party. The 230-strong committee unanimously approved the president's recommendations.

The sources said Mr. Sadik, 51, a technocrat who made his reputation by helping plan and supervise the industrialization of Egypt, began work immediately after the committee meeting to form his cabinet.

He will submit a full list to the presidential palace tomorrow and will be sworn in with his ministers on Tuesday, the sources said.

Mr. Sadat named Mr. Fawaz, a vice-president and gave him a post he held formerly—presidential adviser on political affairs.

In other moves the committee also unanimously approved:

• The resignation of its first secretary, Mohammed Abdel Salam el-Zayyat, who will receive an executive post in the new cabinet.

• Elected Sayed Mard: as first secretary. Mr. Mard is agriculture minister and deputy premier in the outgoing cabinet.

The sources said Mr. Sadat reshuffled his cabinet because he wanted a younger group of ministers to guide the country in the conflict with Israel.

Post-Devaluation Alignment by IATA

Atlantic Air Fares in Dollars to Rise 7 Pct.

GENEVA, Jan. 16 (NYT).—The cost in dollars of international air fares will be raised by up to 7 percent as a result of last month's realignment of world currencies, the International Air Transport Association announced yesterday.

The increases will apply to the already announced package of fares that the world's major airlines completed before the International Monetary Fund's agreement of Dec. 16, which agreed on an 8.67 percent devaluation of the dollar.

fare adjustments in other currencies—effective April 1—will be "modest," with some of them being downward, said IATA, the air industry's trade association.

Fares for North Atlantic travel from United States East Coast cities are scheduled to go up by 7 percent across-the-board. An IATA spokesman said that this part of the accord reached by the airlines at a 10-day session

is still subject to ratification by Air Canada.

Air Canada, it was said, wants a smaller percentage increase in the basic U.S. dollar prices so as to have a smaller hike in its fares as expressed in Canadian dollars.

The Canadian airline was given until Jan. 24 to join the other carriers in approving the 7 percent dollar-fare increase. If Canadian approval is not forthcoming, the airlines will have to reopen the negotiations on the North Atlantic part of the fare package.

The Argentine airline Aerolineas is objecting to the 7 percent increase set for the South Atlantic crossing, UPI said.

The proposed 7 percent increase would mean that the New York-London summer economy round-trip fare to be introduced on April 1 would be \$594, or \$8 more than originally planned.

The same fare in winter would

be \$432 instead of \$404, while in the in-between season it would be \$486, instead of \$454.

The increase in the dollar fares for travel across the North and Central Pacific was also set at 7 percent, while that for South Pacific flights was fixed at 5 percent.

International air fares in the Americas, according to IATA, will remain unchanged or go up by 1 to 5 percent.

Most of the fares in the areas where they are based on the British pound instead of the dollar will continue mostly at the levels previously agreed for April 1, IATA said.

The IATA conference had to agree on a revised table of exchange rates for the 168 national currencies used by the association's 104 affiliated airlines. These are all related to the new mean rate of \$2.6037 to the pound set under last month's international monetary accord.

Although this dispute over

the protest "pending an investigation" last Monday, the State Department made an additional protest at the Soviet Embassy.

The Foreign Ministry rejected the protest "pending an investigation." Last Monday, the State Department made an additional protest at the Soviet Embassy. The money was not repaid. Mr. Pearson said.

Later, Mr. Pearson said, the

Austria	5.5	Lebanon	7.0
Brunei	1.0	Madagascar	1.0
Denmark	20.0	Morocco	1.0
Eire (Inc. Irel)	9.0	N. Fr.	1.0
France	1.00	Norway	1.0
Germany	1.00	Portugal	1.0
Great Britain	7.0	Spain	1.0
Greece	10.0	Sweden	1.75
India	1.00	Switzerland	1.00
Iraq	10.0	U. S. Africa	4.25
Israel	1.00	Yugoslavia	6.0



United Press International
NEW REIGN—Danish Queen Margrethe II, husband Prince Henrik and two sons saluting the crowd from balcony of Amalienborg Palace in Copenhagen Saturday.

Margrethe II Denmark's Queen

Brief Ceremony Is Sole Rite

COPIAHAGEN, Jan. 16 (AP).—A pretty, blue-eyed blonde with a friendly smile was officially proclaimed Queen Margrethe of Denmark yesterday.

"King Frederik the Ninth is dead. Long live Her Majesty Queen Margrethe the Second."

With these traditional words, thrice repeated, Premier Jens Otto Krag proclaimed the new queen to a crowd from the balcony of parliament.

Queen Margrethe in black, with a long black veil, stood at his side. The veil was pinned away from her face and her blonde curly hair was whipped across her forehead by the cold wind.

It was a day that Margrethe

asked the help of God and the Danish people.

"The love and thoughtfulness which was shown him by the Danish people was a cornerstone for his work and I hope it will also be cornerstone for my work," she said.

Her father always ended his speeches with the phrase: "God for Denmark." Margrethe used a new ending: "God's help. The people's love. The strength of Denmark."

Mr. Krag led the crowd, estimated by police at 50,000, in three times three cheers.

Margrethe seemed barely able to raise her arm to wave.

Her husband, French-born

(Continued on Page 2, Col. 5)

Jan. 5 Incident Was Kept Quiet

U.S. Arms Attaché Beaten in Riga

By Murray Marder

WASHINGTON, Jan. 16 (WP).—A military attaché assigned to the U.S. Embassy in Moscow was beaten up by 14 to 20 persons on Jan. 5 at the airport in Riga, it was learned here Friday.

The officer in the previously undisclosed incident was Capt. Elmer L. Alderfer of the Air Force, who has been in Moscow since mid-1970. The State Department acknowledged the case only in response to questions, and described it as "still active."

The incident came to light during inquiries about the expulsion of Soviet exchange students from Moscow of Rep. James H. Scheuer, D., N.Y., and about the departure at Kennedy Airport of a Soviet exchange student, Marat Kurashev, who had slashed his wrists and throat.

There is no "discernible connection" between these cases, a State Department official said, calling the Scheuer and Alderfer.

The constitutional term of the present Chamber of Deputies ends in May, 1973, and that of the Senate in 1974. The earliest possible date for anticipated elections would be in April. If parliament were to be disbanded, a government composed only of Christian Democrats would probably handle routine business until after the elections.

cases renewed evidence of Soviet "attitudes and sensitivities."

The Soviet authorities, U.S. officials said, evidently are demonstrating that these attitudes and sensitivities will continue to be displayed despite President Nixon's scheduled visit to Moscow in May.

Incidents involving Western military attachés in the Soviet Union occur periodically, often to make a political point. But U.S. officials could recall no recent event so severe as the one involving Capt. Alderfer. The State Department gave the following account:

Capt. Alderfer was leaving Riga, the capital of Latvia, after a brief authorized visit, and was at the airport with a British air attaché. Capt. Alderfer left his companion briefly to walk to another section of the airport when he was "physically assaulted" by four to six persons. These attackers were joined by 10 to 14 other men, described as "mostly airport employees."

The department's account states that Capt. Alderfer was "brought to the ground," his coat ripped, his shirt torn and his arm twisted. He was thoroughly searched and then taken to the airport office and "accused of taking pictures of the Riga airport," U.S. officials said. Capt. Alderfer denied taking any airport pictures and said he had only "tourist" photographs.

He was said to have been questioned for more than half an hour, then released. The British air attaché reportedly was not molested in any way.

The next day, the U.S. Embassy registered what was described as a strong protest with the Soviet Foreign Ministry, charging violation of diplomatic immunity, failure of local authorities to prevent the "manhandling" of Capt. Alderfer and failure to arrest the offenders.

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lapped the Soviet exchange student case, it was not publicized by the United States, presumably because the Nixon administration does not want to ruffle the Washington-Moscow atmosphere.

Washington usually discloses such incidents soon after they occur.

Picture-taking by Western military attachés in the Soviet Union is a frequently cited offense. The distinction that most countries draw between what is proper and improper conduct for military attachés can be a very fine line.

Lord Carrington's role in yesterday's talks was to have been understood to have consisted of haggling over money. Although none of the participants would mention any figure, it appeared that the gap between Mr. Mintoff's demands for the use of the bases and the offers by Britain and its allies still remained wide.

NATO Involved

For the first time, NATO is directly involved in the bargaining over continued use of the facilities in Malta by British and allied forces.

In the past, the negotiations over the island bases had been conducted only between Britain and Malta, although NATO contributed to rental payments.

Lord Carrington's role in yesterday's talks was said to have

First Reported in '60 Campaign

Hughes Book Tells of Funds for Nixon Kin

By Wallace Turner

NEW YORK, Jan. 16 (NYT).—A \$205,000 transaction 15 years ago with Richard M. Nixon's family is among the recollections of political dealings that appear in a purported autobiography of Howard Hughes, according to executives of McGraw-Hill Book Co.

The executives say Mr. Hughes also set out a large amount of detail about his relations with other Presidents and with officials in Nevada, where he acquired a gambling empire in four years, and gives his version of his troubles with Trans World Airlines.

The book is so candid, said Albert Lewenthal, a vice-president of McGraw-Hill, that some materials were cut from the manuscript because of legal fears.

The Hughes-Nixon business dealings were first publicized in the 1960 presidential campaign by the late Drew Pearson in his nationally syndicated column.

Mr. Pearson said that Mr. Nixon, mother and brother of the then vice-president, had borrowed \$205,000 from Mr. Hughes through one of his attorneys. The money was not repaid, Mr. Pearson said.

"Hughes knows that he'll be branded a 'nut' because of his stand on cryogenics, that he will be called an 'egomaniac with delusions of immortality,' yet he feels that it is his right, even obligation, to live as long as possible."

A judge, meanwhile, lifted his order temporarily prohibiting the magazine from publishing the purported interview.

"I'm satisfied that the stay granted by me represents unconstitutional prior restraint," said State Supreme Court Justice Samuel N. Gold yesterday.

Stockholders are permitted to retain their shares.

Under its new policy, the go-

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Under

Detain Him 30 Minutes

Soviet Police Raid Dissidents, Scuffle With U.K. Newsman

From Wire Dispatches
MOSCOW, Jan. 16.—Soviet security police have raided eight Moscow homes as part of an investigation into suspected anti-state crimes, usually reliable sources said yesterday.

Today, David Bonavia, a correspondent for the Times of London, was detained for 30 minutes by Soviet plainclothesmen after he left one of the eight homes—the residence of a dissident intellectual, he told colleagues.

Mr. Bonavia, 31, said that the men bundled him and his wife into a car and drove them to a police station. They were later released with a warning from a police officer. "Do not interfere

in our internal affairs and do not go back to that address."

Mr. Bonavia had been visiting Pyotr Yakir, a historian and the son of the late Ion Yakir, a Red Army general shot in the 1937 Stalinist purges.

Later on, three other Western correspondents were prevented by police from entering the apartment building where Mr. Yakir lives.

Mr. Bonavia said the men who identified him as "members of the criminal investigation division," but refused to show identity documents.

He said he persisted in his demand for identification and at that point the officers began pushing the couple into the car, grabbing Mrs. Bonavia by the back of her head and shoving her into the open door. Mr. Bonavia said the couple shouted and scuffled briefly.

"I would have got in the car willingly had they showed us their documents which they are required to do by law," he said.

Mr. Bonavia said he believed "Who says so?" when the officers issued their final warning about not returning to Mr. Yakir's address. He said they identified the source of the order as local militia Capt. Alexei Semyonov.

Pressure on Correspondents

Police pressure on Western correspondents, once a rare occurrence, has increased over the past year.

The KGB secret police questioned a British newsman at KGB headquarters during pretrial investigation of Vladimir Bukovsky, another Moscow dissident who was sentenced to seven years in prison about two weeks ago. Other newsmen have been involved in streetcorner scuffles with plainclothesmen attempting to break up meetings between correspondents and dissidents or Zionist Jews.

KGB police raided the Yakir flat and the seven others Friday night, the sources said.

The search carried out at Mr. Yakir's flat lasted for 18 hours yesterday. The KGB officers were said to have removed a large quantity of papers from Mr. Yakir's flat and placed them in a sealed bag together with a number of books.

"I would be horrified," he told reporters, if the incident interfered with Mr. Nixon's forthcoming Moscow trip or the efforts to improve Soviet-American relations.

"I am trying to be part of the solution, not the problem," he said. "I have no desire to escalate the harshness of the dialogue: My job is to cool it."

Mr. Scheuer was stopping here before a brief visit to Belfast and Dublin and then a return to the United States.

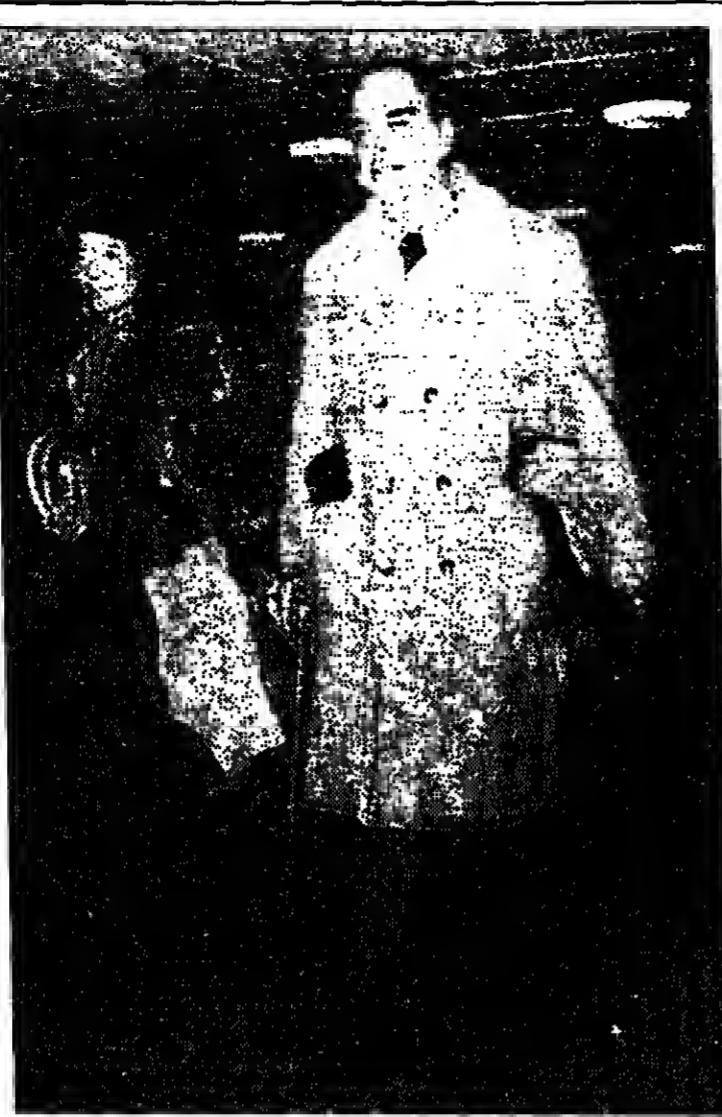
With a group of congressmen from a House Education subcommittee, Rep. Scheuer completed last Wednesday a two-week look at Soviet schooling. That night, while dining with Alexander Lerner, a prominent cyberneticist who has sought permission to emigrate to Israel, Mr. Scheuer was picked up by Soviet police, who detained him for 40 minutes.

Two days later, he was ordered to leave the Soviet Union on the grounds that he had encouraged Jews to emigrate and had engaged in "subversive activity." Mr. Scheuer flew from Leningrad to London yesterday.

Even before the White House press secretary, Ron Ziegler, brought back word last week from Premier Chou En-lai that a Chinese team would visit the United States this spring, Mr. Scheuer was picked up by Soviet police, who detained him for 40 minutes.

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Both tasks are being handled by the National Committee on United States-China Relations, a prestigious nonprofit group organized in 1960 to foster better understanding of China, in coordination with the U. S. Table Tennis Association.



Associated Press
Rep. James H. Scheuer and wife arriving in London Saturday night after their flight from Stockholm

Scheuer Hopes His Expulsion By Russia Won't Hurt Détente

By Bernard D. Nossiter

LONDON, Jan. 17 (UPI)—Rep. James Scheuer, D. N. Y., said today that he hoped his arrest and expulsion from the Soviet Union would not interfere with President Nixon's "laudable" effort to seek détente.

Rep. Scheuer described the episode as "a mindless exercise in the theater of the absurd" on the part of "paranoid" Soviet bureaucrats.

"I would be horrified," he told reporters, if the incident interfered with Mr. Nixon's forthcoming Moscow trip or the efforts to improve Soviet-American relations.

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Wednesday Talks Seen

LONDON, Jan. 16 (UPI)—Lord Carrington and Mr. Mintoff are tentatively scheduled to meet again in Rome on Wednesday, British government sources said.

The defense secretary will make a statement on the new initiative in the Malta crisis tomorrow in the House of Lords and Foreign Secretary Sir Alec Douglas-Home will make one in the House of Commons, sources said.

\$150,000 Pledged In U.S. for Tour By China's Team

WASHINGTON, Jan. 16 (UPI)—More than \$150,000 in private funds has been pledged to underwrite a tour of the United States by a Chinese table tennis team that is expected to include matches in Los Angeles, San Francisco, Detroit, New York and Washington.

Even before the White House press secretary, Ron Ziegler, brought back word last week from Premier Chou En-lai that a Chinese team would visit the United States this spring, the tour and the fund-raising were well under way.

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Day of Grief Observed for Bengali Dead

3 Million Mourned By the New Nation

DACCA, Jan. 16 (Reuters)—Flags were flown at half staff and people wore black badges today in national mourning for an estimated three million Bengalis who died in the fight for a free Bangladesh.

Public ceremonies were held throughout the country and prayers were offered in houses of worship.

Prime Minister Mujibur Rahman urged the people to dedicate themselves to reconstruction so that the "blood of these martyrs and the tears of our mothers shall not go in vain."

In no war of independence had three million people been killed as well as women ravished, villages burned and educational institutes destroyed, Sheikh Mujibur said.

Crowds marched to the sheikh's house here to hear his address.

Petition for Trials

Bangladesh intellectuals yesterday launched a mass petition campaign demanding that commanders of the Pakistan Army in the east be brought to trial for war crimes.

Dr. Kabir Chodhury, director of the Bangla Academy, announced the drive and said it was hoped to collect about 100,000 signatures that would be forwarded to the UN Human Rights Commission.

Meanwhile, nearly three million of the estimated 10 million Bengalis who fled to India from East Pakistan last year had returned home by yesterday afternoon, an official spokesman told reporters in Calcutta.

The Press Trust of India reported that Sheikh Mujibur had denied a report in this Sunday's London Observer that he had threatened to "take over West Pakistan and make it Bangladesh too" if Pakistan President Ali Bhutto "tries any tricks to bring Bangladesh out of the Commonwealth."

Nepal's Recognition

NEW DELHI, Jan. 16 (UPI)—Rep. Alphonzo Bell, R. Calif., who has just visited the Soviet Union, accused the Kremlin today of "cultural genocide" against its Jewish population.

Followed by 'Carleads'

WASHINGTON, Jan. 16 (UPI)—Rep. John Dellenback, R. Ore., who also toured the Soviet Union with Rep. Scheuer, said today that "carleads" of Russian agents had followed the American study group's movements.

The Indian news agency reported yesterday that Dacca would soon recognize Bangladesh.

Nepal is the eighth country to recognize the new state. The others are Bhutan, East Germany, Poland, Bulgaria, Mongolia and Burma, besides India, the first to accord recognition.

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The command said the encounter yesterday was the first this year.

The command also disclosed the eighth so-called "protective reaction" strike inside North Vietnam this year, the latest against a radar-controlled anti-aircraft missile site 40 miles north of the Demilitarized Zone.

As the heightened air action continued for the sixth consecutive day, North Vietnamese and Viet Cong forces launched 50 rocket, mortar, sapper and infantry assaults across South Vietnam in a sustained "highpoint" of activity. South Vietnamese military sources said Communist attacks during the past week were at the highest level since attempts to disrupt presidential elections last October.

One of the attacks was a coordinated 11-round mortar barrage on the big U.S.-South Vietnamese air base at Cam Ranh Bay, 195 miles northeast of Saigon, and government infantrymen protecting its perimeter.

SAIGON, Jan. 16 (UPI)—One of Hanoi's fastest jet fighters came face to face with two of its American counterparts over northern Laos and fled with a barrage of air-to-air missiles exploding at its tail, the U.S. Command said today.

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Snipers Harass Troops

More Than 200 Are Arrested In Week of Ulster Roundups

BELFAST, Jan. 16 (UPI).—The British Army continued its roundup of suspected Irish Republican Army extremists today with nine arrests in the Belfast area, an army spokesman said.

He said a week of concentrated searches had resulted in more than 200 detentions of persons suspected of connections with the outlawed organization.

Troops came under sniper fire

Stiff Penalty Shock to D.A. In Drug Case

NEW YORK, Jan. 16 (AP).—A sentence of 30 years in prison handed down to a man found guilty of selling less than three grams of heroin drew protests against the severity from both prosecution and defense. The prosecutor said he would join the defense in an appeal to reduce the sentence.

State Supreme Court Justice Paul A. Fine imposed the sentence Friday on Jerry Williams, 23, convicted of selling three envelopes each containing less than one gram of heroin to a police agent.

"Characters of your ilk," the judge told Williams, "who prey on our young people and have created panic in our communities are unfit to be a part of our society and must be removed if we are to save our young people and our city from complete physical destruction."

"To make one indigent small-time addict-pusher the fall guy for all the ills of society is not warranted and is unconscionable," Bronx District Attorney Burton Roberts said.

Soviet Spy Ships Use N. American Fuel, U.S. Says

QUINCY, Mass., Jan. 16 (AP).—The commander of the U.S. Navy Atlantic Fleet said yesterday that Soviet fishing, research and merchant ships have been taking on fuel and provisions in North American ports, then returning to sea and refueling and provisioning Soviet intelligence ships.

"Thus, logistic support is being given to a Soviet intelligence collection ship located thousands of miles from its homeland," said Admiral Charles Duncan. "He made the charge in remarks at the christening of the commercial cargo ship *Almacka Lykes*.

Adm. Duncan did not specify what North American ports the Soviet vessels were using and a spokesman for his office in Norfolk, Va., declined to name any. The spokesman said the admiral's use of the phrase "North American ports" could refer to Canadian ports.

15 Believed Dead, 60 Hurt in Crash Of Greek Trains

LENINSSA, Greece, Jan. 16 (Reuters).—At least 15 persons were killed and about 60 injured when an international express and a freight train crashed head-on to night 30 miles south of here, a police spokesman said.

He added that more dead and injured might be trapped in the wreckage of the two trains, parts of which were burning. He said as far as he was aware all the dead were Greek nationals.

The collision involved the *Acropolis* Express, which left Munich yesterday morning on its way to Athens, and a freight train from Athens.

Recession Phenomenon: Commuting Pilots

By Robert Lindsey

NEW YORK, Jan. 16 (NYT).—When Franklin Soare, a 37-year-old United Air Lines pilot, pulls out of his driveway and heads for work, he begins a commute that spans 2,425 miles—from Seattle to New York City.

He's one of several hundred airline pilots who are commuting regularly across the country in a curious side effect to the economic problems of the nation's airlines.

Most say they don't like it, and a few suggest that the long-distance commuting—with endless changes of time zones—might be a safety problem.

Airline pilots have been known to live far from their airport bases for years. Trans World Airlines, for example, has several captains who live in California and commute to the John F. Kennedy Airport in New York, where they leave for Europe in command of their own jets. Several New York-based Pan-American World Airways captains live in the Bahamas, where they enjoy tax advantages as well as the warm sun and beaches.

Most pilot-commuters in the east have been senior captains



THE WRONG HOUSE.—Distraught woman stands beside her house in Sylmar, Calif., after a bulldozer mistakenly went to work and demolished it. What was to have been a \$5,000 repair job for earthquake damage is now a total loss. Valued at \$24,500, it was left unoccupied since last February's earthquake. The house that was scheduled to be demolished is just a few doors away down the street.

Hails 'Inner Strength' of People

Brandt, Just Back From U.S., Thrilled by Cordiality There

By David Binder

BONN, Jan. 16 (NYT).—Chancellor Willy Brandt, just returned from a fortnight's vacation in the United States, was so impressed with the "helpfulness and friendliness" and the "inner strength" of Americans at the grass-roots level that he wants to tell the West Germans about it.

The 58-year-old leader recalled today that he had visited the United States "many times," but almost always on official business in the big cities.

His two weeks on the west coast of Florida were "a new experience," he said in an interview.

"I sensed how much inner strength there is in these United States," he said, "how much down-to-earth helpfulness and friendliness there is among the Americans themselves and toward strangers."

This was different, he said, "from the picture of America one is often given" in Western Europe.

Many Volunteers

What impressed him especially was "how many Americans are working as volunteers" in hospitals, kindergartens and other social institutions. Mr. Brandt and his wife, Ruth, visited a hospital in Sarasota, Fla., and were surprised to find the switchboard was being operated by an unpaid volunteer.

Another contrast to European conditions, he said, was "how much more considerate Americans are in highway traffic, how considerate they are of others altogether. I saw it with my own eyes and the lower highway death rate proves it." He said he had remarked on this to President Nixon at the outset of his stay in Florida, Dec. 29.

Mr. Brandt said he felt the friendliness extended to him and his family in Florida had not been affected by his position as a "foreign dignitary."

He cited the neighbor who stopped by to give him a six-pack of cold beer after he had come back to his vacation hotel from a fishing trip, "because you must be thirsty after a day in the sun."

He also spoke of the many Floridians who wrote or telephoned to invite him to their homes. "One, he recalled, said: 'I'd be pleased if you didn't even call up beforehand, just drop by when you feel like it.'

Missing in Europe

This kind of neighborly informality was largely missing at home, he remarked, and added that Europeans could do with some more of it.

The Brandts did not do a great deal of socializing in Florida, he said, but he added that they had been delighted by their meetings

with Americans in New York or Chicago or look for a new job.

"I love flying," he said during an interview. "None of the 'commuters' really like it, but you learn to live with it. We feel that it will end when the economy picks up."

"I usually pick up a nonstop out of Seattle at 13:45 a.m. and get into New York about 8 in the morning. I share an apartment in Queens with two other United pilots and four Eastern pilots, where I can get some rest."

He said he generally leaves LaGuardia Airport for a series of short hops—Seattle, Pittsburgh, Atlanta, Cleveland or elsewhere—in the late afternoon and is back in New York a day or two later.

When his plane returns to LaGuardia, he catches a United Jet back to Seattle, where he can relax for four days, sometimes longer, before his next flight.

Most say they don't like it, and a few suggest that the long-distance commuting—with endless changes of time zones—might be a safety problem.

Airline pilots have been known to live far from their airport bases for years. Trans World Airlines, for example, has several captains who live in the Bahamas, where they enjoy tax advantages as well as the warm sun and beaches.

Most pilot-commuters in the east have been senior captains

many of whom earn as much as \$2,000 a year—who decided to settle in a particular spot they have selected after years of professional traveling, a convenience made possible by their free airline passes.

What has happened recently, according to airline officials, is that there has been a growing number of younger junior pilots who have had to commute long distances not by choice, but because of layoffs within pilot ranks over the past 15 months.

At United, the nation's largest airline, there are at least 300 pilots in this category. Mr. Soare is a typical example.

Until last spring, he helped *Boeing* 727 jets out of Seattle and San Francisco. But at that time, United, along with most other major airlines, began to reduce its flight schedules and pilot work force because the recession had cut sharply into the nation's demand for air travel. United laid off about 550 of its 5,800 pilots.

Mr. Soare, who had joined United in March, 1968, after flying jet tankers over Vietnam, had enough seniority to avoid being laid off. But his job slot in Seattle was eliminated. As a result, he had to take a flying assign-

Russian Asks Asylum

LAS PALMAS, Canary Islands, Spain, Jan. 16 (AP).—A Russian oceanographic engineer asked for political asylum here yesterday. Police sources in this Atlantic island said the man, Aleksey M. Moshkov, 27, did not return to a Russian fishing ship that called here to give its crew shore leave.

The engineer should last as long as the Soviets refrain from underground testing, he said.

Lisbon Sentences 4

LISBON, Jan. 16 (UPI).—A criminal court here today sentenced four dockyard workers to terms of 18 to 18 months imprisonment for alleged subversive activities, including distribution of Communist leaflets.

The United States and many other major fishing countries recognize a 12-mile limit.

West Coast Dockers Set Strike Today

But Talks to Avert Walkout Continue

From WIRE Dispatches

SAN FRANCISCO, Jan. 16.—With a strike deadline of tomorrow morning drawing close, negotiators held last ditch talks today on a contract which could avert resumption of the West Coast longshoremen's walkout.

Both sides were warned by Federal Mediator J. Curtis Counts that the Nixon administration will move quickly to force a settlement if 15,000 workers leave their jobs at 24 ports in California, Washington and Oregon.

The International Longshoremen's and Warehousemen's Union, which struck members of the Pacific Maritime Association for 10 days last summer, set a strike deadline of 8 a.m. tomorrow. The earlier strike was halted by a court order.

Pay Increases Sought

Both sides began meeting yesterday in final attempts to avert the strike. Under discussion are pay increases and whether dockers of Teamsters Union members should handle container cargo.

The union wants a guaranteed annual wage even if there is no work. It demands a wage increase totaling 26.1 percent over the next two years.

The union also demands that it be allowed to unload container shipments, which are handled in many places by the truck-driving Teamsters union.

Forty-seven of the 116 Pacific Maritime Association companies involved are foreign shippers and a strike would seriously curtail imports, particularly from Japan and West Germany.

Although Mr. Labay refused to name his alleged accomplices, the police said they were able to identify and arrest them. The police have not disclosed their identities or the circumstances of their arrest.

Mr. Ingersoll, in a radio interview today, said he came here to discuss with French narcotics officials how the year-old Franco-American agreement on ways to fight heroin traffic was working.

Mr. Ingersoll played down reports of friction between the U.S. and French narcotics services.

Asked if there was a "cold war" between the two services, Mr. Ingersoll replied: "The talk of cold war is just rhetoric of politicians. There is nothing like that between the two services."

Some U.S. congressmen have accused the French of not doing enough to stop the heroin traffic in this country, most of which ends up in the United States. The French have denied the charges.

Asked if the U.S. Narcotics Bureau was satisfied with French cooperation, Mr. Ingersoll said: "I don't think that both our services will rest until we have eliminated what we are fighting."

He was asked to comment on a statement made last summer by John Cusack, former head of the Narcotics Bureau's European

unit.

The new government's military control of the country is thought to be complete, with no opposition reported from any section.

In Accra, life seems utterly normal.

The freeze on the assets of the former ministers, including the accounts of Mr. Busia's Progress party, was thought to be related to Col. Acheampong's contention that official corruption had become widespread in the old government. Presumably an investigation of the assets, with public accusations, will follow.

Hundreds of thousands of the squeeze toys, rattles, flutes, cars, music boxes and dolls were sold before retailers were notified of the recalls between Oct. 14 and Dec. 30, the agency said.

They also noted that Chile's minister of economy had reported \$300 million in new credits after his trip to Eastern European countries and the Soviet Union last autumn.

Chile's total foreign indebtedness is reported to be between \$2 billion and \$3 billion.

The safety standards to be proposed soon will cover heat, electrical and mechanical hazards in electrically operated toys and mechanical hazards in other toys.

The outcome will not change the balance of power in Congress where the Allende coalition holds 66 of the 150 Chamber of Deputies seats and 23 of the 50 Senate seats.

Chilean Troops Posted at Polls

SANTIAGO, Chile, Jan. 16 (UPI).—Armed troops guarded polling places in three rural states today during congressional elections widely regarded as an important popularity test for President Salvador Allende's government.

Troops carrying submachine guns were posted outside voting booths in the states of O'Higgins, Colchagua and Linares, where a hard-line coalition of Socialists, Communists and left-wing splinter groups.

The outcome will not change the balance of power in Congress where the Allende coalition holds 66 of the 150 Chamber of Deputies seats and 23 of the 50 Senate seats.

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Dark Rosaleen

It is just about half a century since the creation of the Irish Free State and the government of Northern Ireland seemed to presage an answer to the Irish problem. But that problem—basically, the relationship between the English and the Irish, with some Scottish and Welsh complications—is eight centuries old, and in the years between the second Henry's occupation of the British throne, and the second Elizabeth, too many clashes of secular interest and religious enthusiasm, too many conflicts of imperialist ideals and national fervor have been imbedded in the struggle. Once again, as so often in the past, the fate of Dark Rosaleen, the patriot's image of Ireland, seems locked in by the confrontation of irreconcilable elements.

The beginnings of the current troubles in Northern Ireland were the protests of the Catholics there over the civil rights denied them by the Protestant majority. To some extent these labels of religious affiliation are simply that—labels affixed to differences of economic status, of cultural differences and the legacy of old migrations and old enmities. But as many unhappy places in the world still show forth, the religious label can be the most inflammatory of slogans. Moreover, the one-third of the northern Irish who are Catholics are neighbors of the Irish Republic, with twice the population of Northern Ireland, and almost all of it Catholic. The Irish Republic has like India never accepted the justice or the practicality of partitioning its "national territory," and, whatever steps the government in Dublin may take to keep the peace, for the Catholics of Ulster the Irish Republic holds out the

hope of changing from an abused minority to a dominant majority.

The battles in Northern Ireland have shifted from the question of civil rights within that entity to a reunion with the south, and the parochial enemy, the Irish Protestant, has been supplanted by the British soldier as the principal target. There is dispute about how this came to pass—the sluggishness of the Stormont government in making reforms, the activities of the Irish Republican Army, provisions, the policy of internment without trial, are all involved in a kind of chicken-and-egg argument.

But it seems doubtful, now, that any reforms within Northern Ireland can settle the fierce conflict. Nor is it too probable that demographical realities would permit an adjustment of the frontiers of the six northern counties to bring the Catholics within the Irish Republic, and allow the Ulster Protestants to rule themselves alone. And the creation of a united Ireland, territorially, however much sense that would make economically and in other ways, would bring a resentful minority of Protestants within the republic—a minority which has ample experience in guerrilla warfare.

It has been suggested that a new Irish constitution, with greater safeguards for such a minority, might bring about an agreed settlement. The hope this idea presents is slim; the deep and wide division of Ireland will not be easily bridged, especially when each bomb-blast, each sniper's bullet, each arrest, adds to the bitterness. But it is a hope that must not be ignored, for it seems the only one remaining. "Woe and pain, pain and woe," have marked the lot of those who fought both for and against Dark Rosaleen—and the end is not yet.

Junket to Africa

At a time when the United Nations is reeling toward bankruptcy, the Security Council's decision to hold a costly special session in Africa is incredible. To take this decision without even a formal vote on the eve of a desperate drive by the new secretary-general to pare \$6 million from the UN budget is to invite the late Dean Acheson's derisory question in another context: "Who's loony now?"

The costs of the session, scheduled to begin Jan. 23 in Ethiopia, have been estimated conservatively between \$150,000 and \$250,000; some forecasts run up to \$500,000. It would be hard to dream up a project more damaging to the public view of the United Nations at this difficult point in its existence, particularly in some of the countries that pay most toward its upkeep.

It is extremely unlikely that the council can make any progress at this time on the "burning African questions" that will head the agenda in Addis Ababa—none, at any rate, that it could not achieve at much less expense at Turtle Bay. And the Security Council could have great difficulty so far from U.S. headquarters if it had to deal with an emergency in another area—the Middle East, for example.

This latter consideration, along with the chronic UN financial problem, has dissuaded members from scheduling sessions of the General Assembly or Security Council away from headquarters for the last 20 years. The United States finally acquiesced in the African meeting decision in order to avoid offending the 36 African states that had demanded the special session.

The problems of Southern Africa are "burning" indeed; but they will not be solved by more of the rhetoric that floods every General Assembly session. The oratory does nothing to weaken the grip of the white rulers on Rhodesia, South Africa and the Portuguese colonies; in fact, the ridiculous extravagance now scheduled for Ethiopia can weaken only the UN.

THE NEW YORK TIMES

International Opinion

France and NATO

At a time when the United States is applying a policy of military disengagement everywhere in the world, Mr. Pompidou legitimately fears seeing Europe "uncovered" one day. He thus intends to attach more importance to Western defense problems, which necessarily implies a reactivation of France's cooperation with NATO.

This is quite different from re-entry into the military organization of the alliance which George Marchais improperly alleges to be Pompidou's objective. It is quite normal that this evolution of French policy worries Moscow. What is of major interest is the fact the Soviet government wanted to sound a warning of far-reaching implications.

—From *Le Figaro* (Paris).

International Landscape

Having encouraged India for nearly two decades and seen it as a kind of democratic counterweight to Communist China, Washington now stands in sharp opposition to Delhi and, along with Peking, on the side of Pakistan—in front against India's ally, the Soviet Union. It is clear—and has become even clearer with the recent publication of secret documents from a "leaky" White House—that this was a quite conscious option of U.S. policy and of President Nixon himself. He accepted the further disintegration of an already weakened position in India, in order to promote his concerns in China. Every other choice which was open to him in the India-Pakistan conflict would have compromised those concerns and yielded less than he hopes to achieve.

America's new policy orientation toward Peking has thus deeply altered the interna-

tional landscape in a very short time—an indication of how consistently it is being pursued and how seriously it is meant by Washington.

The great question facing Nixon's coming visit to Peking is whether China will react to such decisiveness with equal consistency and whether it will be possible to develop any potential for real cooperation on a global level. The answers to these questions will be forthcoming from the talks in the capital of the "new superpower," in which Washington's grand design will be subjected to its first real political test.

—From *Neue Zuercher Zeitung*, Zurich.

Moneetary War or Peace

The stakes for Europeans are the very existence of the Common Market. The choice is clear: Europe will either yield to American demands; then there will no longer be a Common Market for agriculture and the way will be barred to European integration. Or Europe will resist and assert itself as what it must be: a full-fledged partner.

—From *Neue Zuercher Zeitung*, Zurich.

Coup in Ghana

Presumably there is nothing neo-Nkrumahist about the military coup. It is hard to see what anybody could do to improve greatly on Dr. Busia's efforts to ease the debts and raise new money... but Ghana, stripped of credit, would still need much more money and much the same policy. A coup solves nothing.

—From *La Nation* (Paris).

—From *Le Figaro* (Paris).

In the International Edition

Seventy-Five Years Ago

January 17, 1897

PARIS—In these days of progress it is not surprising that railway trains should be hauled by electricity. One even wonders why it was not accomplished long ago. J.J. Heilmann, the well-known engineer, says it was done long ago. That is to say, the principle was demonstrated to be a practical one. There is no doubt that this new mode of travel and energy will one day have an important bearing on the railway haulage and traffic of the world.

Fifty Years Ago

January 17, 1922

WASHINGTON, D.C.—Prohibition enforcement authorities report the seizure of a rum-running aeroplane from Mexico at Del Rio, Texas, where the pilot and two men were arrested with 130 bottles of a Mexican spirit resembling rum. Great activity on the part of smugglers has been reported and the seizure was the result of several days search. Also the bodies of two sailors have been found on the beach in Silsbee, Miss. There is a connection between their deaths and smuggling.



Dear Women's Libbers

By James Reston

WASHINGTON—In these remarkable days of the women's lib movement, it is astonishing that nobody has come to the defense of the most admirable and intelligent, but also the most masculine-dominated, down-trodden and long-suffering women in America today—the wives of the candidates for the presidency of the United States. Dear Ms. Gloria Steinem, how could you have missed it?

Of all the suppressed minorities in this Great Republic, none has a harder lot today than the women of these ambitious politicians. Any way you look at it, whether the women are left at home or hauled through the snows of New Hampshire in order to fool the public into thinking that the candidate is a "good family man," these women are subjected to tortures below the kingdom of the damned.

To begin with, any man who thinks he's good enough to be President of the United States is clearly not the modest sort you'd like to have around the house. Taken as a whole, these men tend to be vain, outrageously over-sized, spoiled and cranky. Worse than that, though, they are forever grining for the cameras, the plain fact is that they are usually wholly devoid of any sense of humor. The present crowd of presidential candidates is even worse on this score than most: With the possible exception of Old Triple-H, there isn't a gaggle in the whole outfit.

Identity Crisis

Also, please, no "identity crisis" stuff until the end of the campaign. I know it's tough but what you think, and how you feel, I'm afraid, are out for the duration.

You just love rubber chicken and canned peas, remember?

And you will eat the lady's doughnuts.

Now about clothes. We can't afford them. But you'll have to get several outfitts for the cold weather in New Hampshire and several more for the warm weather in Florida. Something expensively proper and buttoned up, bright enough to stand out on color television, but not too gaudy. The foul-weather gear you can use again in Wisconsin, and fluffy stuff in the California primary.

The press will be a problem—they're a noisy bunch!

They will want to know how you like New Hampshire or Florida or Pennsylvania or wherever we are,

and of course you think every body's so friendly, and you make no comparisons, especially in Florida, since we have to go on to California after that.

They will probably ask you which First Lady you admire most, and you say right out: Mrs. Truman. They will be expecting you to say Mrs. Kennedy, who was too Frenchy or Mrs. Roosevelt, who was too political, and had their enemies, but nobody can possibly object to Mrs. Truman.

Of course, if Ms. Steinem doesn't object, maybe it is also true that the candidate himself has his problems.

I will always remember Adlai Stevenson's definition of the candidate's dilemma and Stevenson's gift of self-mockery and laughter as he told what it was like on the campaign trail:

"In the Middle"

Consider then the problem of their wives, the agonies of living with such a character when he is seized with the presidential itch. The routine of the house has to go on, and for senators' wives, this means at least two houses, one in Washington and one back in the home state. The problem is obvious. The wife is caught between the Old Man and the kids, who have to be looked after and instructed not to say anything outside that might embarrass The Candidate. This is what is meant by "being in the middle."

Put yourself in the place of the candidate's wife. If you stay home while he's on the road, you are of course expected to accept invitations. Candidates' wives never say no.

Therefore you will attend political breakfasts, lunches and dinners, and receive lady reporters who want to know all about where you met the Great Man, what he eats for breakfast, what he reads, if anything, what he really likes, and what color you plan to paint the Blue Room after you move into the White House.

When you go on the road, you have to get somebody you can't afford to look after the kids, and once you are out there in New Hampshire, be will drag you to every cross-roads in the state.

You will hear that same speech and those same jokes to many times that you will wake up reciting them in the night. And no matter how many miles you travel, you will be expected to look neat and pretty, with your hair glued in place and shiny, and you will smile. Understand?

The 13th Amendment to the Constitution of the United States forbids involuntary servitude, but this you must understand, does not apply to you. You have a

part to play now and rules to follow. Remember there's always a camera somewhere out there in the audience and you might wind up yawning on the Cronkite show. So cross your legs on the platform. Watch The Candidate with a slightly adoring look, and for God's sake, laugh at the right places. Okay?

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When you go on the road

Prices Fall, Markets Shrink

Soaring Asian Rice Output Causing Economic Strains

By James P. Sterba

TOKYO, Jan. 16 (NYT).—The rice revolution in Asia, while easing the threat of mass starvation, has begun to cause economic strains as production soars, prices fall and markets for traditional rice-exporting countries dwindle.

These strains, officials of exporting countries charge, are being aggravated by the United States, which has led "the world in rice exports for five years by selling rice under the Food for Peace program on easy credit terms that smaller countries cannot match."

The use of high-yielding "miracle rice" varieties, along with greatly improved growing methods, has increased overall production in Asia to the point that some experts are predicting a net surplus in the region, within three years. The effects of jumps in production, however, are already being felt and efforts are under way in many countries to diversify crops.

After years as a major world importer, India announced last week that it had achieved self-sufficiency in rice production.

Japan, a rice importer four years ago, amassed a surplus last year of nearly seven million tons, and for two years has been paying farmers not to grow rice.

Officials in Burma and Thailand, meanwhile, are predicting long-term economic depressions as rice prices fall. In both countries

Arabs Ambush Americans' Car: Nurse Is Slain

TEL AVIV, Jan. 16 (UPI).—Arab guerrillas ambushed a Gaza city Baptist Hospital car outside the Gaza strip's Jebalya refugee camp today, killing an American nurse and wounding an American Baptist minister and one of his three daughters, the army said.

An announcement said: "Miss Marvin Pale, 46, of Ringgold, La., died of injuries suffered in the attack."

Military sources identified the other two wounded persons as Edward Nicholas, 47, of Austin, Texas, administrator of the Baptist hospital, and his daughter Carol Bird, 17. They are not on the critical list.

The sources said Arab guerrillas two years ago ambushed a car Mr. Nicholas was driving as it approached Gaza city's railroad intersection. Another daughter of his, Mary Ann, then suffered light injuries.

Reds in Rome Plan Campaign For Permanent Free Transit

ROME, Jan. 16 (NYT).—A no-fare transit project, tested for nine days in this city recently, seemed today on its way toward becoming a hot political issue.

The Communist party charged that some city hall departments were unenthusiastic about the experiment, or had resorted to outright sabotage, and the party announced it would organize a "fight" on a broad front for free public transportation.

In the experiment, from Dec. 30 to Jan. 7, passengers on all buses and streetcars in Rome rode for free. The idea was to induce commuters and city dwellers to leave their cars at home and thus relieve traffic congestion.

While the no-fare plan is under discussion, another traffic proposal is being aired here and in Milan, Italy's second largest city—tolls on all private cars entering high-density urban areas.

The free-ride experiment was discussed in a special meeting of Rome's traffic commission and other experts yesterday. Traffic Commissioner Benito Casaro and the presidents of the two municipal transit systems, Giorgio La Morgia and Luigi Tinazzi, reported that the temporary suspension of bus and streetcar fares—averaging eight cents—brought an increase in passengers of almost 50 percent during the test period.

No More Speed

The traffic officials said also that the rolling stock of the transit network had been far better utilized than usual, but conceded that buses and streetcars had not

Czechs, E. Germans Cross Border Freely

BERLIN, Jan. 16 (Reuters).—Hundreds of East German tourists streamed into Czechoslovakia yesterday, the first day of new border regulations under which they no longer need visas or passports to enter the country.

The East German news agency ADN reported that many of them crossed into Czechoslovakia through a border point at Oberwiesenthal opened to cope with the increased traffic.

The new regulations also apply to Czechoslovak crossing into East Germany, and ADN said many took advantage of the opportunity today. Similar regulations came into force on the East German-Polish border at the beginning of this month as part of an "open-frontier" policy agreed between the three neighboring Communist countries last year.



MUTINY—Inmates of riot-torn prison in Nancy, France, on roof of the main building.

6th Recent Disturbance by French Convicts

Rioting Damages Prison in Nancy

By Henry Gmiger

PARIS, Jan. 16 (NYT).—France's trouble-ridden penitentiary system was hit yesterday by a new outbreak that wreaked a large part of the prison in Nancy.

But Japanese officials suspect that "diplomatic pressure" was applied to the South Korean government to buy more American, less Japanese, surplus rice. Japan sells rice on the same easy credit terms, but has less political influence than the United States. More than half of Japan's 1970 rice exports went to South Korea.

Japan has as much surplus rice that she turned nearly a million tons of it into animal feed last year and sold it at a loss of \$340 a ton.

Meanwhile, rice consumption has been steadily declining in Japan as diets move toward consumption of more meats, vegetables and fruit.

Japan has had the economic health to weather her rice glut despite large amounts of American rice entering the Asian market.

The smaller rice-exporting countries of Asia, however, expect their rice surplus problems to grow.

In the Nancy uprising, the inmates chose visiting day to start their rebellion. At 8 a.m., a large number of prisoners were out of their cells, presumably to meet their families. Some climbed to the roof, which they demolished in large part, using the tiles as projectiles against anybody who attempted to approach. Other rebels looted the canteen for food and began throwing anything movable out of the windows. Firemen who tried to drive prisoners off the roof with a hose were driven back by a barrage of tiles.

Visiting Day

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Outnumbered guards fired machine guns into the air to intimidate the 50 prisoners who held out on what was left of the roof. This had little effect. The rebels displayed a bedsheet on which was written "We are hungry."

They then ate lunch from the looted canteen supplies, washing the food down with a large amount of beer. The empty bottles were used as projectiles.

In the street below them several thousand persons massed. Many were hostile to the rebellion but a few youths were detained for a short while by the police after expressing sympathy for the prisoners.

Police men and guards were called into the prison and went into action in the beginning of the afternoon. With the help of tear gas, they subdued the prisoners in an hour and a half.

Three injuries were reported, three on each side and none serious. Damages were estimated at several hundred thousand dollars.

Obituaries

William H. Grimes, Ex-Editor Of the Wall Street Journal, 79

NEW YORK, Jan. 16 (NYT).—William H. Grimes, 79, a former editor of the Wall Street Journal who won a Pulitzer Prize for editorial writing in 1946, died Friday.

Mr. Grimes spent 38 of his 48 years as a newspaperman with The Wall Street Journal. As managing editor from 1933 to 1941 and as editor from 1941 to 1958, Mr. Grimes supervised the paper as it was reshaped from a narrowly-based financial journal into a newspaper of national circulation. Prior to his retirement, he was editorial director and a vice-president of Dow Jones & Co. Inc., the newspaper's parent concern.

A concise depiction of Mr. Grimes was embodied in the citation that accompanied an honorary degree of Doctor of Commercial Science awarded to him at the New York University commencement exercises in the spring of 1967. It said in part:

D. Harold Oliver

FORT LAUDERDALE, Fla., Jan. 16 (UPI).—D. Harold Oliver, 74, who rose from copy boy to White House reporter and top political writer for the Associated Press, died Friday. He retired in 1962 after 49 years with AP.

Lebanese Leader Warns Israelis

BEIRUT, Jan. 16 (NYT).—Premier Saeb Salam said yesterday that orders have been issued to Lebanon's armed forces to fight off any Israeli attack against Lebanon.

Mr. Salam made the announcement after holding further meetings with the army commanders at the Ministry of Defense. The 18,000-man army had been placed in a maximum state of alert following the warning issued by the Israeli Chief of Staff David Elazar Friday.

Mr. Elazar said that Israeli forces would strike into Lebanon if Arab guerrilla activity emanating from there is not halted completely.

The warning was transmitted Friday to the Lebanese government in writing through the United Nations Mixed Armistice Commission.

DEATH NOTICE

LAW—Edward J. beloved husband of Jerome Law, died Jan. 16, 1972. The funeral service will be held at the American Cathedral, 23rd St. at George V, on Wednesday 18th at 10:30 a.m.

Sees Iran as Custodian

Shah Warns Powers on Persian Gulf

By Marvine Howe

TEHRAN, Iran, Jan. 16 (NYT).—Shah Mohammad Reza Pahlavi has warned the big powers and non-Gulf Arab countries against establishing a military presence in the Persian Gulf.

Iran appears determined to assume responsibility for the security of the vital waterway that serves the region containing 70 percent of the world's oil reserves.

The Iranian role as custodian of the gulf was the principal theme in a 70-minute audience in French granted by the Shah yesterday to a small group of Swiss and American newsmen. The 51-year-old monarch, appearing serious and somewhat tense, received the visitors in his opulent office in Niavaran Palace, nine miles from the center of Tehran.

"We have declared before that we would not want to see any foreign presence in the gulf—England, the United States, the Soviet Union or China—our policy hasn't changed," the shah declared. This is in response to questions on the U.S. agreement to keep naval facilities at Bahrain after Britain's withdrawal of forces from the area at the end of last year.

Iranian annoyance at the U.S. action was more explicitly expressed in a sharp editorial in the usually pro-American Tehran press. A leading Persian daily expressed surprise at the U.S. move which "may lead to the endangering of the security of other nations."

The Soviet Union and other countries are fully justified in protesting the stationing of three American warships in the region," the paper said. "We have even a greater right to protest this unwise action which certainly is against the interests of the regional security and demand that the United States should review its wrong policy, to say the least, and leave the Persian Gulf as soon as possible."

2 Die in Collision Of Trains in France

COGNAC, France, Jan. 16 (UPI).—A local train bore into a stationary freight train in the village station of Gensac-La Palue in southwest France yesterday, killing two persons, including the local train's engineer, and injuring 49, 13 of them seriously.

Israeli border are abandoning their homes, settlers in the area said today.

Israel recently conducted two raids into Lebanon in reprisal for increased Arab guerrilla attacks on Israeli settlements and towns.

The Israeli settlers said they had seen a number of families leaving the border villages with their belongings. Last year many Lebanese abandoned their homes during intensified military activity on the border but later returned.

Firemen with cutting apparatus freed scores trapped in the wreckage, many of them children returning from school. The local train was traveling from Angouleme to Saintes.



The Shah of Iran

said, adding: "How many times can you repeat the Vietnam experience?"

Emphasizing that Iran had no "imperialistic designs," the Persian ruler expressed the conviction that his country had an important role in the gulf to promote the security and stability of the region and also contribute to the technical needs of some of the countries in the area.

Acknowledging that Iran was building up its defenses in the Persian Gulf and had plans to extend them to the Gulf of Oman, the shah declined to identify possible enemies, except to say they were "all those who would be against free navigation and all who have as principal aim and interest the instability of the region."

He pointedly warned the Arab states not to try to find a vacuum in the gulf to "try to revenge themselves" for frustrations on the Israeli front.

The shah bitterly attacked Iran for the recent mass expulsion of an estimated 60,000 Iranians as reprisal for Iran's seizure of three Arab-ruled islands. "They must look out," he said. "One can go just so far in the policy of provocations; after a certain point it can no longer be accepted."

Iranians to Try 120 Communists On Subversion

TEHRAN, Jan. 16 (Reuters).—A group of 120 Iranians alleged to have attempted to kidnap the shah's nephew and the U.S. ambassador here are to be tried before a military court on charges of sabotage, espionage and subversion, it was announced today.

A security spokesman, who described the accused as a gang of Iranian Communist saboteurs, said they had been trained in guerrilla warfare in Iraq and East Germany. He said their public trial before a military tribunal would open in three weeks.

All had been arrested during the past five months, the spokesman said.

The spokesman said four armed guerrillas attacked and tried to kidnap the shah's nephew, Prince Shahram, last September and shot an office boy who came to his aid. The boy later died.

The spokesman said the attempted kidnapping of the U.S. ambassador, Douglas MacArthur, 2d, came one midnight in December, 1970, as he and his wife were driving home from a reception on the outskirts of Tehran. Five armed men in two cars took part in the attempt, but the ambassador's driver evaded them.

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540F with 13 beds

580F with 14 beds

620F with 15 beds

660F with 16 beds

700F with 17 beds

740F with 18 beds

780F with 19 beds

820F with 20 beds

860F with 21 beds

900F with 22 beds

940F with 23 beds

980F with 24 beds

1020F with 25 beds

1060F with 26 beds

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Session Resumes Tomorrow

A Busy Year Ahead for Congress

By Richard D. Lyons

WASHINGTON (UPI).—Congress returns for its second session Tuesday and on Thursday President Nixon will tell the Democratic Congress what he wants it to do in this election year.

These may be the last civil words between them in this highly political season, when nearly a dozen members of Congress are trying to take Mr. Nixon's job away or turn his policies around.

The session need not be a negative stand-off—as were those of 1948 and 1960—just because the White House and Congress are controlled by different parties in an election year. In several major areas—such as welfare reform and health insurance—a majority of Democrats want the same things Mr. Nixon does, only more so. The fight will be over degree and limits spending.

Another unfinished piece of business for the House is the conference report on the campaign spending bill, which requires disclosure of political donations and limits spending.

The first major bill before the Senate will be a measure to strengthen the Equal Employment Opportunities Commission. Civil rights groups want it to be able to issue cease-and-desist orders against discrimination in jobs, but the House approved the administration bill to permit it to seek court orders.

Also awaiting Senate action is a higher education bill tying, as the House did, aid to colleges

with the expectation that the West Paks could hold their own.

26—Ambassador Johnson said that we must examine the possible effects that additional supplies for Pakistan might have. It could be that eight F-104s might not make any difference once the real war in the West starts. They could be considered only as a token. If, in fact, we were to move in West Pakistan we would be in a new ball game.

27—Ambassador Johnson said that one possibility would be our reply to Foreign Minister Singh, in which we could acknowledge the Indian pledge that they do not have territorial designs. He also stated we must also consider the fact that the Paks may themselves be trying to take Kashmir.

28—After discussing various possible commitments to both Pakistan and India, Mr. Packard stated that the overriding consideration is the practical problem of either doing something effective or doing nothing. If you don't win, don't get involved. If we were to attempt something it would have to be with a certainty that it would affect the outcome. Let's not get in if we know we are going to lose. Find some way to stay out.

17—Turning them to the question of military support of Pakistan, Dr. Kissinger referred to an expression of interest by King Hussein relative to the provision of F-104s to Pakistan, and asked how we could get Jordan into a holding pattern to allow the President time to consider the issue. Dr. Kissinger also asked whether we should attempt to convey to the Indians and the press that a major attack on West Pakistan was imminent, however, stop the Paks from moving into Kashmir.

29—Mr. Williams suggested that we might now focus efforts for a cease-fire in West Pakistan. Ambassador Johnson stated this might, however, stop the Paks from moving into Kashmir.

30—Dr. Kissinger asked for an assessment of the Pak capabilities and prospects in Kashmir. He asked CIA to prepare an assessment of the international implications of Mrs. Gandhi's current moves. He indicated that we should develop an initial stand on the military supply question. He reiterated that he desired to keep Hussein in a "holding pattern" relative to the latter's expression of support for Pakistan.

31—Dr. Kissinger asked for an assessment of the USG capabilities and prospects in Kashmir. He asked CIA to prepare an assessment of the international implications of Mrs. Gandhi's current moves. He indicated that we should develop an initial stand on the military supply question. He reiterated that he desired to keep Hussein in a "holding pattern" relative to the latter's expression of support for Pakistan.

32—Dr. Kissinger suggested that what we may be witnessing is a situation wherein a country (India) equipped and supported by the Soviets may be turning half of Pakistan into an impotent state and the other half into a vassal. We must consider what other countries may be thinking of our action.

33—Dr. Kissinger suggested that another consideration in the Jordan issue is that if Jordan delivers this equipment we would be expected to replace it. Ambassador Johnson stated we do not have any more AID left.

34—Dr. Kissinger states that what we may be witnessing is a situation wherein a country (India) equipped and supported by the Soviets may be turning half of Pakistan into an impotent state and the other half into a vassal. We must consider what other countries may be thinking of our action.

35—Dr. Kissinger asked about our CENTO relationships with Pakistan. Ambassador Johnson stated we had no legal obligations toward Pakistan in the CENTO context.

36—Dr. Kissinger agreed but added that neither did we have legal obligations toward India in 1962 when we formulated the air defense agreement. We must consider what would be the impact of the current situation in the larger context of world affairs.

37—Dr. Kissinger suggested that the key issue is if the Indians turn on West Pakistan is Amd Kashmir. If the Indians smash the Pak air force and the armored forces, we would have a deliberate Indian attempt to force the disintegration of Pakistan. The elimination of the Pak armored and air forces would make the Pak defenseless. It would turn West Pakistan into a client state.

38—Dr. Kissinger suggested that perhaps the only satisfactory outcome would be for us to stand

high schools desegregate. This could produce a rash of anti-busing amendments, as it did in the House.

The Senate also has scheduled early action on a constitutional amendment approved by the House guaranteeing equal legal rights for women and men. In the past, the Senate has made this unacceptable to women's groups by adding exemptions. The Supreme Court may have made the fight unnecessary by outlawing discrimination because of sex.

The first big issue before the House may be a bill increasing the minimum wage from \$1.60 to \$2 an hour and extending coverage to state and local government workers.

The administration wants to stretch out the rise toward \$3 and extend coverage. A stronger bill is expected to pass.

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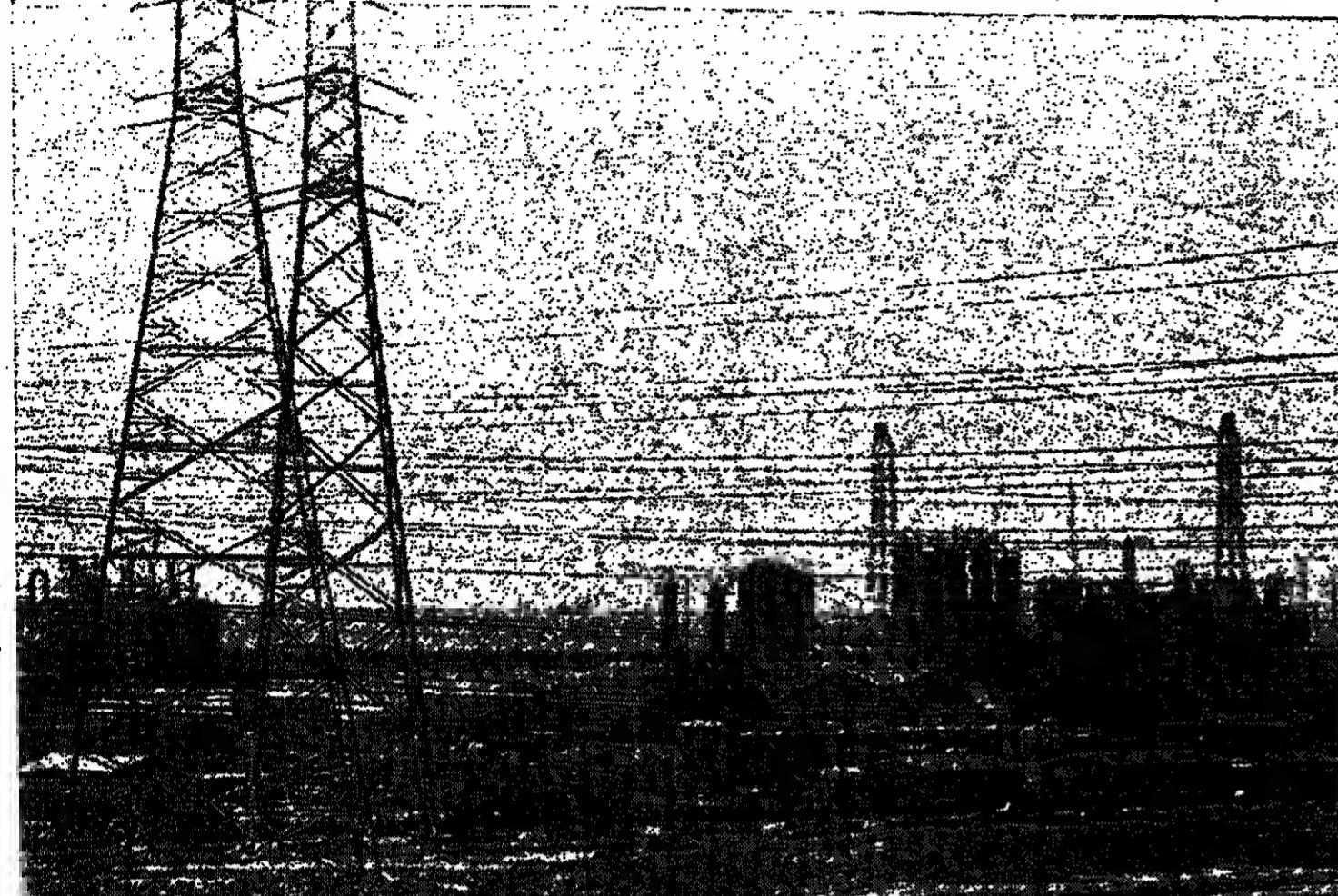
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Photo—A chemical plant in Chiba prefecture, east of Tokyo.—by Sam Lee Jones

Japan and the United States...

By Selig S. Harrison

TOKYO (CWP)—With emotionally charged disputes over textile imports and yen revaluation settled at last, Japan and the United States are moving into a new and more relaxed phase in their troubled economic relationship. The near future, in the view of some, offers unprecedented hope for a gradual moderation of trade and investment disputes.

This is the official U.S. estimate here in the confident aftermath of the Washington monetary agreement. But it is clearly not how Japanese leaders view what has been happening in recent months, and the sanguine American mood contrasts markedly with the climate of tense determination among Japanese economic planners.

In Japanese eyes the textile and revaluation issues were not "set-

led" equitably, by agreement, but rather by humiliating Japanese retreat in the face of superior American strength. The conclusion drawn in Japan after going through the "Nixon shock" treatment is that the Americans are likely to be less and less dependable as economic partners in future years.

Given present U.S. plans to let overseas investment outflows and military spending abroad continue at high levels, Washington will suffer returning balance of payments deficits; in this view, inevitably bringing renewed attempts to make Tokyo and other "friends" serve as scapegoats.

Long-Term Strategy

Fearful of an endless cycle of American pressure for ever more trade and investment liberalization, Japanese economic officials

are mapping a long-term strategy designed, as in past years, to stretch out their concessions to the United States over the longest possible period of time.

There are few signs of a readiness to make the single, quick, package settlement envisaged by Treasury Secretary John Connally at the time of the Washington monetary agreement.

Japanese officials contend that the monetary settlement came only after the United States gave up its earlier attempt to exact sweeping trade concessions, as part of the bargain for removal of the 10 percent import surcharge. They suggest that Mr. Connally lost his most potent bargaining weapon when he ended the surcharge and questioned whether the U.S. will be able to make good on its threat to defer congressional action on raising the gold price pending desired

Japanese and European concessions.

The new strategy toward the United States being devised here distinguishes sharply between trade and investment liberalization as areas where Japanese interests dictate differing approaches. In the case of trade Japan appears prepared for a gradual relaxation of import restrictions over the years, eventually resulting in the removal of most of the barriers designated as illegal by the General Agreement on Tariffs and Trade (GATT). But U.S. demands for the right to set up wholly-owned or U.S.-controlled subsidiaries of American firms here arouse more determined Japanese resistance.

Trade Imbalance

The bilateral trade imbalance between Japan and the United States has jumped abruptly from \$1.2 billion in Japan's favor in 1970 to nearly \$3.4 billion in 1971. American officials see little chance for a sharp downturn in this figure during 1972, despite the impact of revaluation.

The basic factor determining the size of the imbalance will be whether the Japanese moderate their export thrust, these officials say. They point to recent statements by business leaders that revaluation might prevent expected increases in the \$7.5 billion level of exports to the United States recorded last year but would not mean a decline.

Tokyo knows that the rapid growth in the trade imbalance requires increasing import liberalization gestures in addition to its promise of a new "orderly marketing" policy restraining exports to the United States.

Japanese experts contend that cost-price differentials will continue to hamper the competitiveness of U.S. imports in the Japanese market, however. They are doubtful whether even the most far-reaching import liberalization would basically alter the imbalance.

This is why the Japanese are girding for stepped-up pressure for investment access from U.S. firms on the plea that foreign business cannot really compete in the Japanese market without the ability to set up manufacturing operations here and take advantage of the same wage levels available to Japanese companies.

U.S. Threat

Historically, Japan has always resisted efforts by foreign business interests to gain an equity stake in Japanese enterprises, fearing that foreign investment would be a precursor of alien political control. Nationalist antagonism to foreign investment is still deeply rooted today and has been reinforced by the growth in the power of U.S.-controlled multinational corporations in Canada and Europe. If Japan lets down the bars to U.S. business investment, they maintain, going beyond the present acceptance of 50-50 joint ventures in selected industries, Japan, too, will face the danger of becoming a U.S. economic province.

Japanese bureaucrats and business leaders believe that the Nixon administration's recent moves to resume the U.S. balance of payments have been consciously designed with an eye to protecting the worldwide position of U.S.-based multinational firms as a spearhead of American in-

...And Western Europe

By Ray Vickre

AMSTERDAM (AP-DJ)—The Japanese are looking to Europe as the most fertile field for future overseas investment as trade difficulties mount with the United States.

Some sources estimate that Japan's current total overseas investments of \$3.5 billion may rise to more than \$10 billion over the next five years much of it to be channeled to Europe.

"Expansion of the Common Market should give new impetus to economies of this area," said Kazuo Sonoda, general manager of the Bank of Tokyo's Dusseldorf branch. Then he cautioned: "But Japan must not repeat the mistakes it made when moving into the American market. We must follow an orderly export policy."

His meaning: As the Japanese move overseas, they shouldn't make too many waves in the new markets. That may be a difficult task as more and more Japanese merchandising teams fly into Europe in an economic onslaught. Four prongs are visible in this invasion:

• A push for more exports from Japan to Europe.

• An expansion of Japanese banking and financial services abroad so that Japanese businesses needn't rely only on foreign banks.

• An acceleration of Japanese direct investments abroad, following a well-trod American route.

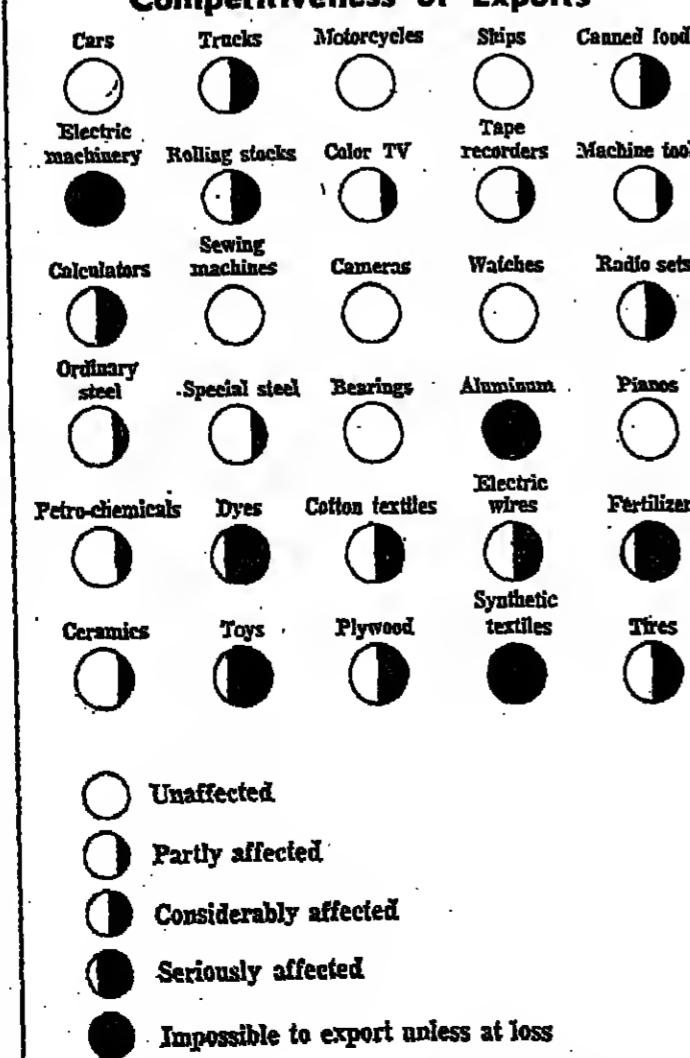
• And rising interest in joint ventures with foreign companies, partially to temper criticism of Japanese trade methods.

Another development is just emerging from the uncertainties of the monetary crisis. "Japan is becoming a very interesting market for Europe," Mr. Sonoda said. This suggests additional bargaining leverage for Japan as it negotiates trade concessions with the Common Market. It also suggests stiffer competition for American exporters selling the Japanese market.

Japanese exports to Europe are already gaining ground. In Rotterdam, J. Matsumura, manager of the year-old Osaka Merchandise Center, is enthusiastic about business prospects. So far, 10 firms are using the center to promote their products. His goal is 80 companies.

Japanese auto sales are also

How Upvalued Yen Affects Competitiveness of Exports



—From the Japan Times

Special Report

JAPAN

The Economy Enters a New Era

By Fowler W. Martin

TOKYO (AP-DJ)—Japan's economy enters a new era in 1972, one in which many of the goals, policies and practices of the post-war recovery period must be replaced or significantly modified.

Failure to make rapid, measurable progress could result in a return to conditions similar to those prevailing in 1971, a year in which the Japanese economy was shaped more by events than by design.

The Japanese government is in the position of the driver of a racing car designed solely to outdistance and outlast any opposition. Years of continuous competition have resulted in improvements so that the car is almost unbeatable.

Suddenly, the driver is told that he has won so many races he must move up to a new class if he wants to continue to compete on equal terms. This class requires that drivers race cars possessing all the characteristics of a comfortable family sedan as well as high performance.

It isn't possible to order a new car. The old one must somehow be hastily modified before the next race. But are the existing components suitable? Do the mechanics understand the required design? How long will it take the driver to learn the new handling characteristics?

A Consensus

Japan's government and business leaders have arrived at a general consensus of what is necessary in the country's new economic era: the goals of the economy must be predominantly qualitative rather than quantitative...

Government and business leaders have arrived at a general consensus: The goals of the economy must be predominantly qualitative rather than quantitative... social welfare improvements must take precedent...



The Value of the Yen

January, 1972 January, 1971

U.S. Dollar	313.92	359.02
British Pound	300.97	360.67
French Franc	60.29	65.07
Swiss Franc	80.15	83.36
Belgian Franc	6.99	7.23
German Mark	96.29	98.61
Dutch Guilder	96.55	99.93
Italian Lira	52.88	57.64

These quotations, supplied by the Bank of Tokyo, Ltd., in Paris, reflect exchange rates for the yen prevailing earlier this month against those of a year ago.

Agency is expected to receive a sizeable budget allocation in 1972 to develop an index to replace gross national product (GNP) as the principal indicator of economic progress. It is intended that the new measure, to be called an index of net national welfare, take into consideration such things as environmental disruption and general living standards as well as increases in the post-industrial society.

This means, they say, that social welfare improvements must take precedent over straight-line production increases, that government policies aimed at boosting exports in order to accumulate foreign exchange must give way to more balanced trade relationships, and that foreign exchange earnings must be used rather than hoarded.

They see the emphasis in industrial development shifting to high technology and knowledge-related sectors, away from heavy and chemical industries, the growth of which was stressed so heavily in past years. Light manufacturing, particularly in labor intensive fields, is expected to be increasingly shifted overseas.

In short, the Japanese seeks to become what is referred to as a post-industrial society.

Symbolizing this trend, the government's Economic Planning

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In many respects, 1972 isn't a propitious year for Japan to attempt to remodel its industrial structure.

Although the economy is currently growing at about 4 percent in real terms, the rate is so much slower than the pace of growth in the past five years that Japan is suffering from recession symptoms.

The primary cause of the recession is believed to be a major cyclical downturn in investment in new plant and equipment, centering on the manufacturing sector. The secondary cause is a

rather severe inventory adjustment period that was supposed to be completed by mid-1971 but which has been considerably extended by complicating factors. These factors included in 1971 a local boycott of color television sets, a sharp slowdown in domestic demand for motor vehicles, a plunge in ship charter rates and the conclusion of a non-cotton textile agreement sharply limiting the growth of Japanese exports to the U.S. In addition, business

(Continued on Page 8, Col. 1)

The Stock Market Resumes Its Climb

By Sam Lee Jones

TOKYO (CWP)—Confounding the experts, the Tokyo Stock Exchange rebounded rather quickly after the startling economic reforms by President Nixon last August. On Dec. 22, despite the continuing world monetary uncertainty and despite Japan's lingering domestic recession, trading closed at 545,118,700 shares, the fifth heaviest volume ever recorded, and the Dow Jones average rose to 2,584.71 yen, near its level of the past summer.

The market has divorced itself from the unreality surrounding the monetary situation," one stockbroker commented.

Many analysts figured that a speculative bubble was floating around the exchange but, as one observer commented, the bubble seemed to have an exceptionally thick hide.

Until the Nixon shocker of Aug. 15, the market here had been riding high, with a daily turnover that averaged 186,890,000 shares when calculated through the year's first nine months.

On Aug. 14, the Dow Jones average hit an all-time high of 2,470.08 yen.

The Aug. 15 Nixon announcement sent prices tumbling. By Aug. 24, the DJ average had dropped to 2,162.32 yen, which meant paper losses of about five million yen for investors.

At that point, most observers predicted that the market were wouldn't recover until 1973 from the world monetary crisis and the domestic recession.

But then came the resurgence.

Trying to explain it, some pointed to the fact that withdrawals by foreign investors—80 percent of whom are now Europeans, with 20 percent Americans and the rest Asians—totaled only \$300

million, not the massive pullout that had been expected. Foreigners, who were less active in 1971 than in the two preceding years, sold only about \$182 million in the October-December period.

The many market-watchers

who are bullish also noted such optimism-inducing factors as easy money, the return of surplus funds to the market, expectations that the Bank of Japan would reduce its discount rate by one-half of 1 percent and a continuing heavy demand for stocks.

The market's "divorce" from the reality of Japan's recession might better be described as only a temporary "estrangement"—because there are bound to be some effects on the exchange when the March 31 end of the current fiscal year is expected to produce drops in corporate earnings, on top of those recorded at the half-year mark last September, and there are bound to be more effects next September, when all but 12 percent of the major Japanese corporations will close their accounts for the first half of fiscal 1973.

There were strong rumors that the Showa Line, a leading independent shipowner, was trying to take over the Japan Line, the

nation's top operator of tramp vessels. Konishi-ku Photo Industries, the second-ranking maker of photographic products, denied that Litton Industries of America was involved in a reported takeover bid. Other corporations reported takeover bids, and rumors grew of still more.

The market's leading gatherer for the year was Sanko Steamship, which rose from 140 to 386 yen. The No. 1 loser was Toyosu Chemical, whose shares dropped in price by 53.3 percent.

Unity Goal

The August, 1971, chaos on the market brought about plans to unify the first and second sections of the Tokyo Stock Exchange—a project that long had been talked about, but without any results.

Another recent development on the market has been an infusion of unexpected takeover bids by both Japanese companies and foreign concerns.

There were strong rumors that the Showa Line, a leading independent shipowner, was trying to take over the Japan Line, the

The Trade Picture

TOKYO (AP-DJ)—Japan's exports in 1971 totaled \$35.27 billion and imports amounted to \$18.63 billion, the Ministry for International Trade and Industry reported on Friday.

The figure represents an increase of 25.6 and 43 percent respectively over the preceding year, the ministry noted.

Conspicuous were a 21.6 percent increase in automobile exports to the United States and a 78.3 percent rise in steel shipments to China, it said.

The ministry added that exports in December totaled \$24 billion, up 22.4 percent from December 1970. Imports totaled \$1.97 billion, up 14.8 percent.

The Japanese don't want external influence in the form of short-term investments, although they will welcome long-term investments.

Because of the domestic business stagnation, new shares to be offered this year are expected to be down to a total value of \$300 billion yen. This will continue a shortage of shares available, while demand probably will remain strong.



1972, and the Japanese Economy Enters an Era of Sweeping Changes

(Continued from Page 7)
confidence was severely shaken in August by the so-called "Nixon shock." This involved a 10 percent import surcharge on most Japanese exports to the United States and led to the flotation and eventual 16.88 percent yen revaluation Dec. 20.

GNP Outlook

At this time last year, the economic agency and most leading commercial banks predicted that Japan's GNP would grow between 10 and 12 percent in real terms during fiscal 1971 ending March

31 1972. Mitsubishi Bank Ltd. alone took a more pessimistic view, forecasting a growth rate closer to 8 percent.

Several downward revisions later, the government's current official estimate for real GNP growth this fiscal year is 4.8 percent. Even allowing for the loss of one or two percentage points of growth as a result of the "Nixon shock" and upward movement of the yen, the economy's performance has been well below even the most pessimistic initial predictions.

The forecasters, undeterred, have ventured forth again, al-

though without the same feeling of confidence as in the past.

The economy planning agency believes Japan's GNP will grow at a real rate of 9.2 percent in fiscal 1972 (7.2 percent if Okinawa, which refers to Japan May 15, isn't included). The fiscal year begins April 1.

Other widely published estimates range from a low of 5.4 percent to a high of 9.2 percent. Fuji Bank Ltd. estimates 8.6 percent and Mitsubishi, last year's maverick, has switched from relative pessimism to a position more optimistic than the government.

Mitsubishi Bank sees an economic growth rate of 8 percent in fiscal 1972.

Both the government and most commercial banks forecast that domestic business will remain sluggish for another six to nine months, with a recovery of measurable proportions not getting under way until autumn.

The government sees the recovery characterized by a gradual improvement in inventory investment, beginning in late spring, followed by strong gains in both private housing expenditures and consumer spending later in the year.

To help the recovery along, Premier Eisaku Sato's cabinet has approved an expansionary budget providing for large-scale deficit spending.

The budget, which must still be approved by parliament, specifies a 3.5 percent gain in general account spending and a 3.5 percent increase in the government's loan and investment program for public works projects. It makes up for an expected shortfall in revenue to finance general account spending the cabinet has authorized government bond issues totaling 1,850,000 million yen (\$86.3 million) in fiscal 1972, a huge increase from the 430,000 million yen of bond issues during the current fiscal year.

The government also sees a 2.7 percent gain in private-sector plant and equipment investment in fiscal 1972 compared with a decline of 1.2 percent in fiscal 1971 from the previous year.

All of the 1972 gain will come from a sharp increase in capital spending by Japan's non-manufacturing sector, more than offsetting a continued decline in such activity by manufacturing companies, the economic planning agency said.

Mitsubishi Bank is more optimistic than the government in this area. Also, by the second half of the coming fiscal year, plant and equipment investment should be growing at a rate of 6 percent, the bank said. Although this would still be far below the 20 percent of gain experienced in recent years, Mitsubishi warned that a pronounced business upturn could incite another wave of capital expenditures only to bring on another readjustment backlash.

The Industries

Chemical and heavy industries are expected to feel recessionary effects for the longest period of time. The steel, petrochemical, industrial, chemical and non-ferrous metal sectors have large-scale overcapacity that won't be alleviated in the near future.

The auto industry must count on a continued sharp expansion of exports for growth as domestic consumers soon to be burdened with an additional auto ownership tax, aren't expected to increase car purchases significantly in 1972.

Heavy machinery producers, with the exception of pollution-control equipment makers, don't see an upturn in their business until manufacturing-sector capital spending improves. Heavy electrical companies are worried about a loss of competitiveness in overseas markets as a result of the yen revaluation and the shipbuilding industry is forecast-

ing an end of the boom conditions of the past five or six years.

The textile industry, a recipient of large-scale government aid to compensate for the U.S. import quota pact, is groping for new directions in the face of a synthetic fiber production glut and a loss of competitiveness in garment manufacturing to the low-wage countries of Southeast Asia.

Light electricals present a mixed picture with cash-flow calendar markets swamped by over-production and falling prices. But companies primarily involved in color television, such as Sony Corp. and Matsushita Electric Industrial Co., are experiencing good results.

Construction, dredging, civil engineering, road building, housing and related industries are riding a boom brought about by big increases in government spending.

At Keidanren, Japan's big business federation, an official sees the current recession and the government's desire to restructure the country's economy as bringing about a new round of industrial rationalization.

It isn't completely clear how this will proceed, he said, but he foresees that trading companies and banks, particularly those connected with the big zaibatsu groups such as Mitsubishi, Mitsubishi and Sumitomo, will be instrumental in arranging mergers, sales of certain production facilities and new groupings among the firms under their influence in the coming year or so.

Emphasis will shift to more sophisticated marketing techniques and to projects integrated with environmental preservation. New investment will be evaluated on the basis of how much high technology is involved rather than on how much of a production increase the new facilities will bring about, the Keidanren official explained.

Expenditures
Many firms will take advantage of the current recession to pare off operations of marginal profitability, becoming more specialized in the process, he predicted. Others such as textile producers will probably initiate diversification programs, he added.

In theory, this will result in increased outflow of long-term capital and predicts that Japan's basic balance of payments, which includes everything but short-term capital and errors and omissions, will run a surplus of \$3.7 billion in fiscal 1972 compared with an expected surplus of \$4 billion this year. The agency didn't release a forecast for overall balance of payments.

This would leave a fiscal 1972 customs clearance trade surplus of \$2.8 billion, down from a surplus of \$3.5 billion this year.

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Increasing Boldness in Venturing Abroad

TOKYO (UPI)—From the depths of a diamond mine in Sierra Leone to the heights of new hotel in Kathmandu in the Himalayas, Japanese are participating in joint business ventures with local people.

Japan has invested \$911 million abroad last year, bringing their total since 1951 to \$15.6 billion, according to the Ministry of International Trade and Industry. It expects Japanese investments in foreign lands to reach the \$2 billion level in 1973 and climb to \$3.5 billion by 10 years after that.

The rate has climbed recently and will climb more, the ministry says, because in September, 1970, the government lifted the requirement that any investment abroad totaling more than \$300,000 needed government approval. Now, approval is automatic for sums up to \$1 million.

The investments will help the government hold down the level of foreign exchange held here, the ministry says.

And it is encouraging Japanese to invest abroad to insure long-term contracts for the import of materials needed in this land where natural resources are scarce. For instance, Japanese have invested huge amounts in Canada, like a \$60 million stake in a coal-mining operation there.

And in Australia Japanese have shares ranging from 20 to 45 percent in multi-national ventures in coal and iron ore. Japanese investment in Australia is put at

the billion-dollar level.

In the number of Japanese investments, Southeast Asia ranks first, North America second, Latin America third and Europe fourth.

However, in terms of the value of Japanese investments, North America is first with \$912 million, Southeast Asia next with \$780 million and Europe third with \$637 million.

Mitsubishi Bank, expecting a 1.5 percent growth rate next year, also sees a bigger payments surplus than the government and predicts that as a result international demand for another revaluation of the yen will mount in a few years. Other Japanese institutions have recently predicted a second revaluation in 1972 or 1974.

Even the government seems less willing to deny the possibility of revaluation than in the past. Senior government officials have recently been quoted as saying that the future value of the yen probably depends as much as on external events, such as U.S. balance-of-payments trends and the course of inflation in major industrial countries, as it does on the situation inside Japan. Prior to the recent monetary crisis, the government maintained that revaluation was a matter "solely for Japan to decide."

Standard-Bearer

Officially, the government believes that trade liberalization and an increase in capital flows out of Japan will reduce balance-of-payments surpluses to a level acceptable by international standards.

Japan should be "the standard-bearer of trade liberalization," Prime Minister Sato told a cabinet meeting the day after revaluation.

Few people take him seriously, however. Based with a basic income security about overdependence on imported raw materials and nurtured on 25 years of protectionism, Japanese trade concessions tend to be small in substance. That they usually take away with one hand what they give with another has been a common complaint.

Political considerations play a large role in this area, too. Mr. Sato's fourth term as leader of the ruling Liberal Democratic Party expires in the autumn, and some people believe he may step down earlier, after Okinawa reverts.

His successor is expected to call a general election for the lower house of parliament. Much of the LDP's voter strength comes from rural areas where farmers are fighting any liberalization of food import barriers, and most of the party's financial strength comes from big business, which isn't anxious to have the domestic market opened any more than absolutely necessary to imports of manufactured goods.

Thus 1972 doesn't look like a year in which the liberalization "standard-bearer" will make much of an advance.

Export Picture

This is one reason why export letters of credit opened in December were a record despite the yen revaluation and one reason why many people fear Japan will continue to run embarrassingly large balance-of-payments surpluses for a good many months to come.

The Economic Planning Agency forecasts that Japan's exports (free on board) will total \$26.8 billion in fiscal 1972, up 8.4 percent from a year earlier. Imports (including cost, insurance and freight) are expected to reach \$21.9 billion, a gain of 15 percent.

This would leave a fiscal 1972 customs clearance trade surplus of \$2.9 billion, down from a surplus of \$3.5 billion this year.

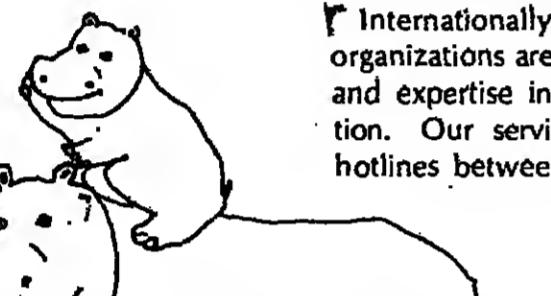
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household appliances in Iran. In the same country, a Japanese trading company is putting up more than 50 percent of a model rice-growing development around Gilan.

Africa—Five Japanese mining firms have joined local interests in a \$150 million venture in the Musandam copper belt in the Congo. Japanese supplied most of the finances for a \$1.5 million cotton-spinning mill in Nigeria. Interests here participated in a \$4 million-dollar Ethiopian facility for processing meat and other foods.

Latin America—Japanese manufacturers have 70 Brazilian firms, valued at about \$350 million and engaged in activities ranging from heavy-equipment making to fishing, to textile, electronics and construction. São Paulo even has a new Japanese in Brazil—at least 600,000—in any other foreign country.

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A Brief Profile

POPULATION: 104,650,000 (1970), a growth of 6.35 million since 1965, when there had been 48.3 million males and 50 million females.

LABOR FORCE: 51 million (1969), with 13.5 million in manufacturing, 11.33 million in commerce and finance, 9 million in agriculture and forestry, 7.22 million in services including the professions, 3.71 million in construction, 3.38 million in transport and other utilities, 1.56 million in government work, 470,000 in fishing and 240,000 in mining. Unions had 10.4 million members (1966) and unemployment was seven-tenths of 1 percent (1966).

AREA AND LAND USE: 369,662 square kilometers, or 142,726.5 square miles (California has 158,603 square miles, Montana 147,138). Sixty of the 660 cities (in 1965) had populations of 200,000 or more, with Tokyo, Osaka, Nagoya, Yokohama, Kyoto, Kobe and Kitakyushu the largest, in that order (1965). There were also 1,998 towns and 819 villages (1965). Of the land, 5.4 million hectares, or 16 percent, was



arable and a farm population of 8.99 million (1969) produced rice on 3.3 million hectares and field crops on 2.01 million hectares. The farm population had been 37.8 million in 1950. Forests and grassland cover about 61 million acres, 67 percent of the total land area.

DENSITY: 265.9 persons per

square kilometer (1965). Japan's population of more than 100 million lives on a land mass smaller than that of the 19 million Californians and smaller than that of the estimated 725,000 Montanans.

GOVERNMENT: The emperor is a symbol of the people's unity. He has no powers related to government, in which a cabinet, headed by a premier, administers laws enacted by the Diet, a bicameral legislature. The principal chamber, the House of Representatives, which controls the budget and approves treaties, has 486 members. Its makeup after the 1969 election consisted of 300 Liberal Democrats, 90 Socialists, 32 Democratic Socialists, 47 in the Komeito political organization, 14 Communists and 3 independents. The other chamber is the House of Councillors, with 260 members—100 elected at large and 150 from the 46 prefectural districts covering Japan.

Year in parentheses indicates year of the latest available data.

Japan and the U.S.

(Continued from Page 7)
fluence. By keeping overseas investment outflows at high levels, they charge, the United States imposes a continuing strain on its balance of payments at the same time that Japanese and other foreign businesses are being asked to curb their own foreign operations.

A recent study released by the International Trade Ministry pointed to the impact of the annual capital outflow of \$3 billion or more resulting from U.S. overseas business investment. If the United States had controlled overseas investment by these firms in the same way Japan curbs its own firms, the study said, channeling capital outlays into the domestic economy, this would have increased U.S. exports by \$12.3 billion and slashed imports by \$5 billion, yielding a favorable balance of \$17.3 billion annually.

In addition to its anxieties over possible political penetration, Japan also resists foreign control of enterprises here as a threat to comfortable patterns of government-business cooperation and distinctively Japanese modes of interaction within the business world itself.

Japan Inc.

Profit and dividend-oriented American firms insensitive to Japanese mores would disrupt the smoothly-operating mechanism of "Japan, Inc." it is argued. Foreign enterprises can be absorbed here safely, Japan feels, only if they permit at least a 50-50 Japanese share in management and respond to government "administrative guidance" just as Japanese firms would.

Since the Japanese economy is

shifting to the absolute level of foreign capital can continue to rise without undermining the basic Japanese goal of keeping the market share held by foreign interests in each industry low enough to provide assurance of Japanese control.

Thus cumulative U.S. investment has reached \$1.5 billion, including reinvested earnings, and the number of approved joint ventures has increased from 169 in 1967 to 477 in 1970 and 540 today. But in all save a few exceptional cases, the government has not relaxed its insistence on a

maximum of 50 percent control by the U.S. partner and normally keeps the level well below this, as evidenced in Chrysler's 35 percent share in its venture with Mitsubishi motors.

The Japanese government keeps joint ventures under its control through two principal techniques. One is the manipulation of market share by industry associations. Foreign firms cannot be members, and the very charter of these associations looks to policing of the industry on the basis of "past performance," which inherently rules out new joint ventures. Industry associations control distribution channels. The Japanese partner is normally guided by the rules of the club rather than by profit-oriented market evaluations.

Another important weapon wielded by the government in the enforcement of club discipline is the import quota system, giving officials a grip on the import of the components and equipment needed by joint ventures.

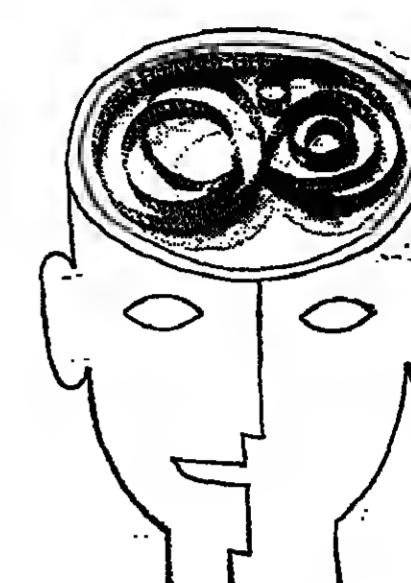
GNW vs. GNP

While the investment clash is shaping up as the most sensitive long-term issue, trade arguments appear likely to dominate the immediate economic dialogue between Tokyo and Washington.

The United States makes no secret of its hope that Japan will devote more of its resources to improving the quality of its domestic life and correspondingly slow up its export drive. This is also the hope of Japanese consumer leaders, who point to the abnormally high prices maintained in some domestic product lines to help keep export prices down.

A growing chorus of political and opinion leaders here is calling for more attention to "gross national welfare" in place of the past national emphasis on gross national product. While ranking third after the United States and the U.S.S.R. in GNP, they complain, Japan lags far behind in sewers, housing, roads, parks and other general-welfare spending.

Government leaders echo this criticism and talk of a shift away from the "production cult" of the past, but so far they have been slow to make radical changes in economic policy.



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The Japanese Look Toward Europe

(Continued from Page 7)

Trade Organization in Düsseldorf.

Düsseldorf has become a little Tokyo as Japanese firms set up shop in the area. About 120 Japanese companies have offices or subsidiaries in the city.

"We have 1,750 Japanese working in this city," said A. Ariyama, manager of the Japanese Chamber of Industry and Commerce in Düsseldorf. "It's Japan's biggest colony in Europe." A school for 250 Japanese children is being established, with teachers to be dispatched by the Tokyo government. At a Japanese club, businessmen can swim and play handball or ping-pong—or trade ideas about trade. And there's the Nippon Kan restaurant. Its rock garden is fake, but its Japanese cuisine is among the most authentic outside Japan.

Only a Part

But trade is only part of the Japanese onslaught. Over the past year or so, the Tokyo government has begun to relax its staff controls on the export of capital. Now, with new currency parities established, the capital-export trend is moving rapidly. Last December the first overseas yen loan to a private borrower was made to Transocean Gulf Oil Co., a subsidiary of Gulf Oil Corp., Pittsburgh. The loan of 5 billion yen was handled

by a syndicate of Japanese banks.

Already, Japanese banks and securities houses are establishing branches or consortium banks overseas and lining up correspondents. Their aim is not only to arrange facilities for pushing money outward to international corporations, to the New York stock market and to European markets but also to establish the financing network that will be required for expansion of Japanese direct investments abroad.

Three Banks

Three banks with Japanese capital are operating in Europe, each backed by associations of Japanese banks. Two are in London—Associated Japanese Bank (International) and Japan International Bank—both are less than a year old. Banque Européenne de Tokyo was formed in 1968 in Paris.

Some idea of the way banks are laying the financial groundwork for broader activity in Europe is indicated by a visit to the headquarters of Associated Japanese Bank, across a broad square from the Bank of England.

Gengo Suzuki, the chairman and onetime executive director of the International Monetary Fund, said that since opening last January, the bank has participated in loans in 30 countries

and in syndicates involving the financing of \$2.6 billion. Ninety percent of the bank's loan activity has involved non-Japanese companies. "We are building the contacts," he says. "When Japanese companies develop the overseas projects that need financing, we'll be ready to serve them."

Mr. Suzuki reports that already many Japanese firms have completed the preliminary work necessary for investing abroad—studies of the market, of transportation, of possible partners and of labor conditions.

The U.S. has been very successful with its policy of establishing factories abroad," he says. "We can benefit from that route, too."

Take-Overs

The first major "take-overs" of European firms by Japanese companies are expected "within the next year," another Japanese financing authority said in London. He indicated, however, that such "take-overs" will come, not through proxy fights, but through cooperation with management, which probably will lead to joint ventures.

Ready to take part in the trend is Nomura Securities Co., the largest of Japan's big four securities houses. Only a small part of its \$115 million annual volume

is done overseas now, but it is expanding vigorously. The firm now has eight overseas offices, including three in the United States. This year it intends to open offices in Paris, another elsewhere in Europe, one in Canada, several more in the United States, one in Australia and one in Singapore.

English Campaign

Nomura is in the consortium that

includes the Associated Japanese Bank, and it expects to start underwriting foreign corporate bond issues in Tokyo "in the near future," officials said.

In the meantime, a campaign is

under way to teach everyone in the company to speak English, which officials call the international language of finance.

Previously, Japanese foreign investments have been largely concentrated in raw materials. Japan being the world's largest importer of such materials. Now, in a small way, direct investments in industry have begun. In Britain, for instance, Thorn Electrical Industries Ltd. and Omron Tateishi Electronics have formed a joint company to make automatic fare-collection equipment. And several Japanese companies are moving into Italy, taking advantage of tax concessions given by the Rome government for firms locating in Southern Italy.

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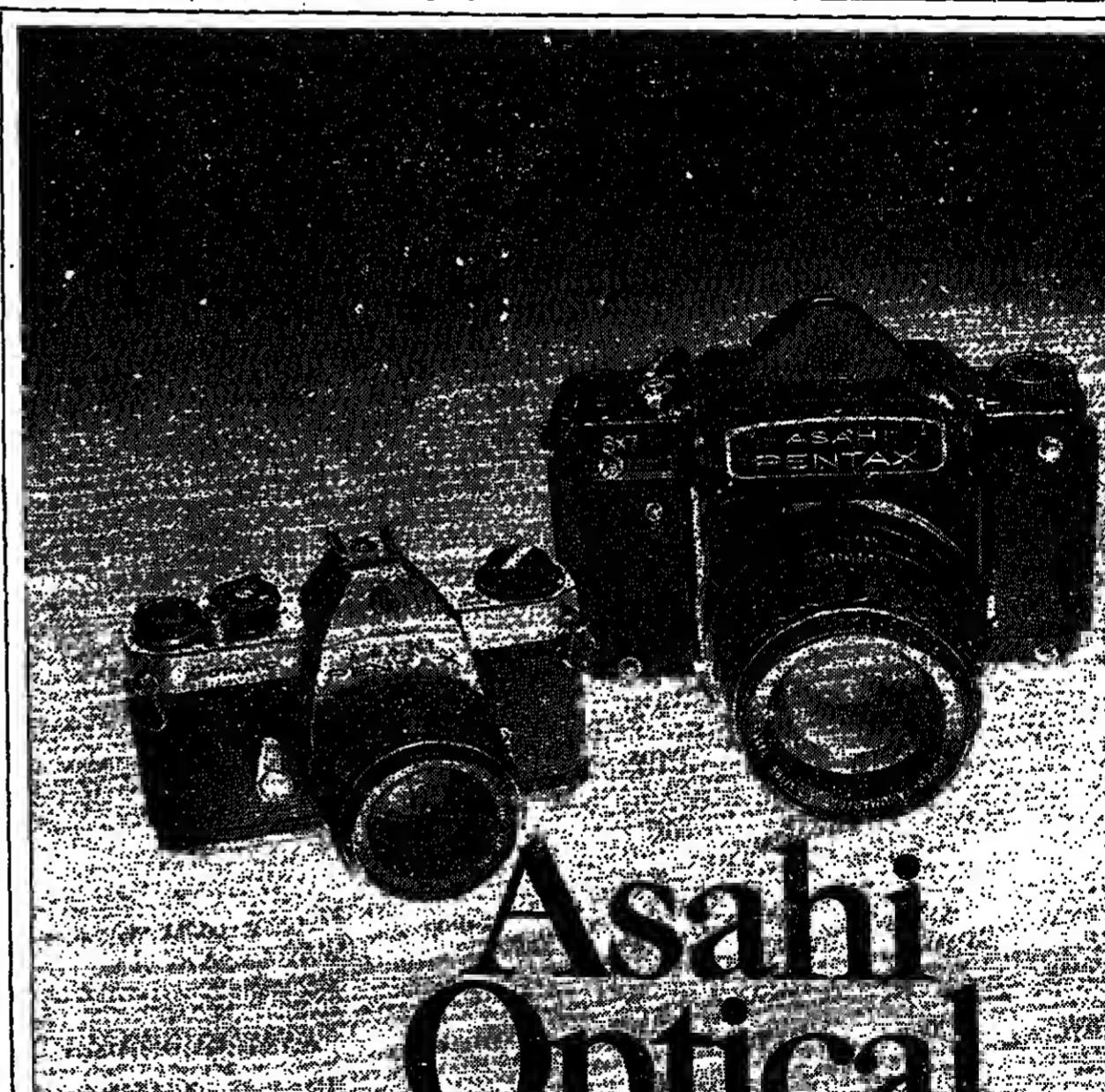
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Japan and China: Great Expectations

TOKYO (IHT)—It is widely believed that Foreign Minister Takeo Fukuda is looking eagerly for a "Japanese Kissinger" to break the diplomatic ice between Premier Eisaku Sato and the mainland Chinese.

More and more Japanese businessmen and politicians have been going to Peking to establish contacts, in the belief that China will be opened in the future to enormous non-Communist trade and with the new that Japan should get the lion's share. In such a new trade relation, it is envisioned that China could produce \$300 billion in purchases of Japanese goods and services.

China's Premier Chou En-lai himself said this past year that perhaps in 20 years China might be able to provide Japan with the natural-resources materials it needs.

But other statements by Mr. Chou have been widely interpreted to mean that China will not move toward diplomatic relations with Japan—and therefore toward dramatically greater commercial ties—as long as Mr. Sato is the Japanese premier.

In fact, Japanese visitors to Peking indicate that just about the only Japanese not welcome in China these days are Mr. Sato and his globe-trotting brother, Nobusuke Kishi.

The Foreign Ministry has tried to write off such reports as ridiculous, maintaining that Mr. Chou has "criticized the Sato government, not Mr. Sato as a person. It is common sense that Mr. Chou would not criticize this premier."

During 1971 one feather was put out to China by a member of Japan's hierarchy, Shigeru Horii, secretary-general of the ruling Liberal Democratic party, used Ryukichi Minobe, the Socialist-backed governor of Tokyo, to hand-deliver a letter to the Chinese.

First Effort

It was the first letter by an official of the government or of the party in power to be sent to the Peking regime.

Premier Chou refused flatly to accept the letter, Gov. Minobe reported.

It is thought that even the Peking regime feels the governments of the two nations will have to get together sometime. But, as Mr. Chou declared, "Negotiations need a long time."

From reports in the Japanese press, Mr. Chou has become perhaps the leading "Japan watcher" in the world.

Recently, to a group of businessmen from Tokyo, he stressed what he considered Japan's inconsistencies, saying: "The Japanese economy has an extreme shortage of resources, has public nuisances, impairment of the environment and an imbalance between cities and farm villages. These are forcing Japan to expand its economy outside—which would lead to militarism."

He has made other remarks to Japanese visitors that indicate he is well versed on Japanese economic and political affairs. He suggested once that if Takeo Miki, Masayoshi Ohira, Kakuei Tanaka and Yasuhiro Nakasone could join forces for easing the Tokyo-Peking strain, then Sino-Japanese relations would improve. The first three mentioned are prime candidates to succeed Mr. Sato as premier. All four have become ardent seekers of improved relations with Peking.

Mr. Chou also indicated that he wants a Sino-Japanese nonaggression treaty based on the five principles of peace, independence, neutrality, "democracy" and prosperity.

Thorny problems to be resolved diplomatically include one with unclear outlines—the matter of war reparations.

Japanese have estimated that war reparations to China could cost this nation \$60 billion or more. But they also figure that such money could be used by China to create new markets for the Japanese market which eventually could produce \$300 billion in purchases of Japanese goods and services.

Reparations

Akihiro Fujitama, a leading elder of the Liberal Democratic party, returned from Peking and said that China would not demand "material reparations" but would ask Japan to accept "moral blame" for the war. This was one of the few occasions in recent times when a Japanese got a specific Chinese viewpoint on the issue. The Japanese government announced later that it was fully prepared to "apologize" for Japan.

In Asia, that would constitute a very big concession. Some observers compare Japanese business groups going to Peking with Japanese businessmen who traveled throughout Southeast Asia after the war's end to make all possible deals which would serve as unofficial nongovernmental "war reparations."

These businessmen were highly successful after the war—not only in getting good returns on their investments but also in laying the groundwork for restoration of diplomatic relations. This could well be duplicated by the Japanese businessmen now going to China—hampered by diplomatic formalities, acting in their role of hard-headed businessmen dealing with practical merchants in China.

China's device for dealing commercially with nations to which it does not have diplomatic ties is the China Council for the Promotion of International Trade. This is a nongovernmental agency which represents national corporations. For trade in nations with which China has diplomatic ties, the Chinese Foreign Trade Ministry represents the national corporations.

Some Progress

Despite Mr. Chou's "hard line" toward the present Japanese regime last year, some progress toward closer ties was made when China asked permission to enlarge the staff of its trade office here, and requested that the office's staff be allowed to use diplomatic status.

Japan granted the requests and, in return, is sending to China five experts from government agencies. The five, who include specialists on agriculture, industry and diplomacy, are young men but have sufficient expertise to form the nucleus of an embassy staff.

Heretofore, communications between the two nations' trade agencies had been only by letter, so the new development is promising, indeed.

Japan is already the biggest trade partner of China, which, because of political considerations—saw its trade with the Soviet Union drop from \$1 billion rubles in 1957 to \$1 billion rubles in 1968. The total of Sino-Japanese trade set a record in 1970—\$285,477,000—and in the first 10 months of 1971, the rate for the preceding year's comparable period was surpassed by

Emphasis on Barter

Trucks for Oil, Beans And Chicken Feathers

TOKYO (IHT)—This oriental nation finds that, tradewise, the really inscrutable East begins just to the west, in China.

Steelmakers, auto and truck manufacturers, shipbuilders, tractor makers, manufacturers of electronic equipment—in fact, all Japanese businessmen—are hopeful of a big boom in trade with China in the near future, especially since Peking's rupture with its traditional industrial supplier, the Soviet Union. It is expected here that Japan may be asked to help the Chinese with the building of all sorts of plants and factories.

No one here, however, professes to know exactly what the Chinese will ask for.

One trader returned happy after signing a contract at the Kwangzhou fair, but admitted: "We still don't know what they want for their new five-year plan. The whole country is still a mystery to us."

Another Japanese executive, Toyota's vice-president for sales, Seishi Kato, came back after arranging a Chinese purchase of 152 two-ton trucks. But the payment by the Chinese poses a problem: they're buying the trucks with oil, soy and red beans and chicken feathers.

"It is difficult to promote auto exports to China with barter trade," Mr. Kato said with a sigh.

Barter trade is the latest form of doing business with the Chinese. The Japanese are waiting for the Japan Export-Import Bank to approve loans to underwrite sales to the Chinese.

25 percent. Through last October, trade had totaled \$723,821,000 on the year—with Japan exporting \$457,029,000 in goods to China and importing \$248,846,000 worth of Chinese shipments.

China's total foreign trade has been estimated recently to be at the \$4-billion level. Japan had 19.5 percent of its non-Communist business, while Hong Kong had 15 percent and West Germany had 8 percent. One leading trader has estimated that Japan can increase its share to 26 or 30 percent of China's foreign trade, but he predicts that it probably won't total more than \$3 billion. China will keep it at that annual level, he said, because of its emphasis on self-reliance and on agricultural development first.

Japan's immediate prospects are for a further increase in its trade, perhaps by 3 to 5 percent in 1972.

Selectivity

The situation is troublesome for export-minded Japanese firms, however. China blacklists—refuses to deal with—firms that do business with either Taiwan or South Korea. That, at least, is its stated policy. But there are exceptions which confuse Japanese business men.

Toyota, for instance, holds 80 percent of the South Korean automobile market through a technical tie to a local assembler, but the firm is increasing its business with China.

But natural resources—those are desperately needed in this highly-developed country. And China is so near that raw materials from that vast land would be far, far cheaper for the Japanese than imports from afar.

Nippon Steel, involved in the Pohang steel mill in Korea, was initially rebuffed by Peking but later accepted as a trade partner. Another firm approved by Peking for trade is Hitachi, which has investments of about 1.5 billion yen in Taiwan.

The Japanese have been China's biggest supplier of machinery, steel products and chemicals, especially fertilizers. West Germany was the second-ranking source of those goods, trailed by France, Italy and Belgium.

Trade with Peking involves only 3 percent of Japanese exports and only 1.3 percent of Japan's imports.

But the significance of potential trade with China is underlined by a report from Yoshihiko Iwasa, chairman of the Fuji Bank, when he came back from Peking. He said Premier Chou told him that China is in no hurry to develop its natural resources or promote industrialization, but that China might, in 20 years, be able to provide Japan with the natural-resources supplied by Japan.

The Japanese have little need for China's finished goods, although recent department-store sales of Chinese products have grown.

But natural resources—those are desperately needed in this highly-developed country. And China is so near that raw materials from that vast land would be far, far cheaper for the Japanese than imports from afar.

TOKYO (IHT)—The Japanese, who used to be famed for their isolationist attitude, are all over the map these days, not only in business ventures but on tourist junkets.

According to the semi-official Japan Travel Bureau, in 1972 Southeast Asia will be visited by 33,000 Japanese, Hawaii by 20,000, Europe by 6,300, Guam by 5,000 and Africa by 1,000.

For the New Year's holiday alone, Japan Air Lines scheduled 92 extra flights for Japanese visiting Hawaii. All 1,300 rooms in the American Airlines hotel in Honolulu had been reserved for Japanese.

Falling in and out of love were

big pastimes last year. It had a record number of marriages—1,085,000, or enough for a rate of one every 23 seconds—but its 10,200 divorces were also a record.

Preliminary statistics from the Ministry of Health and Welfare, which 11 years earlier had 7,457,

Textile Industry: A Time of Change

TOKYO (IHT)—The textile industry claims a proud 100-year history. In fact, it takes credit for industrializing Japan, saying that its plant-construction led the nation to make steel and heavy machinery, then to develop rail and shipbuilding facilities to move the textiles.

But the textile industry shrank from having 45 percent of Japan's total exports at its prewar peak to 38 percent in 1953 and to 30 percent last year.

Now, after 1971 turned into a disastrous year for textiles here, the industry thinks the government is ungrateful, short-sighted and, in fact, liable for damages to what it has done to the textile people.

What happened is that, after two Americans, David Kennedy and Anthony Junich, sought curbs on Japanese textile exports to the United States, Tokyo and Washington on Oct. 15 signed an agreement for such curbs.

Zensu Domai, a laborer, along with 500,000 members, and the Japan Textile Federation filed suits against the government, charging that the agreement was unlawful because it had not been approved by the Diet and because it violates the constitution's article 22, which guarantees freedom of occupation. The government says it has "sufficient legal grounds to protect itself from any legal action."

The accord hit the industry and the workers hard. The textile federation, representing more than 20 associations and nearly every textile-maker, has demanded 463.2 billion yen in compensation from the government in the next three years. The federation said it expects a drop of 30 to 35 percent in its annual exports to the United States, which previously took 25 to 30 percent of Japan's textile exports.

But then came 1971's worldwide economic confusion and business slump, and the Japanese found themselves with thousands of tons of overproduction and little demand.

Although gross sales rose 8 to 4 percent in the first half of the fiscal year which ended Sept. 30, profits dropped between 15 and 17 percent.

The government's buying-up of surplus equipment was one part of an effort to restructure the textile industry. Although the industry had adopted a five-year structural-improvement program in 1967, last year it found that the program was only 30 percent complete. A June survey by the trade and industry ministry found that of 20,200 firms listed in the industry, 19,762 had capitalization of less than 30 million yen and many more companies with little or no capitalization were known to exist. Textile-making here was discovered to be still largely a "cottage industry," with many subcontract firms having only one or two looms.

Many of the major manufacturers contemplate another plan of expanding their non-textile production. There was also an increase in

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Audio Guide

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TOKYO—There is no question in anybody's mind around these parts today that the topic of the day in the world of stereo is "4-channel." If there is any feeling of doubt on the matter, all one has to do is to tune in the TV set and watch the commercials go by. Every audio maker in the country is playing up the virtues of 4-channel sound.

The trend came into bright focus last October 20 when the Japan Audio Fair was held in Tokyo. More than 60,000 eager spectators crowded the fair site from morning to night, coming from all parts of the world to find out what the Japanese audio makers have up their sleeves.

The audio event was the 20th to be held annually. More than 60 firms participated, introducing their latest products and the results of research projects. And the most outstanding

feature of the show has been the dominating emergence of 4-channel sound for stereo.

The enthusiasm for 4-channel sound at present has reached a state which is reminiscent of the situation at the time when basic stereo first came into existence. Audio fans and makers alike have indeed reached a new high in zeal in their search for ever better sound, and 4-channel seems to be the answer to their desires.

At the fair and subsequently, various 4-channel systems have been put on the market for the public. In addition, recording tapes, players, amplifiers and speakers have come into being one after another, all suited to 4-channel sound purposes.

A noteworthy development has been the appearance of new models of tape recorders, designed for the new, high per-

formance tapes. In particular, recorders for cassette tapes have drawn wide attention. They come in all sizes and shapes, from midget models for recording to high-class models for use in a stereo deck.

In recent days, progress has been seen in the development of tapes enabling cassettes to be used for hi-fi sound.

Undoubtedly, the renewed interest in stereo aroused by the 4-channel trend has been a contributing factor in maintaining high public interest. Amid this scene, however, 2-channel stereo has not been idle, making up by improving quality what it lacks in novelty.

For audio fans, 4-channel stereo has opened up an entirely new horizon, offering infinite possibilities. The general public has definitely become involved through publicity on TV and in printed media, and this fact has been reflected in sales.

In addition to audio trade journals, newspapers in general are publishing frequent special pages devoted to audio news, centered on 4-channel development. Meanwhile, 4-channel records have become common articles for sale, covering the classics, jazz and popular music fields.

Some of the popular 4-channel equipment which has been introduced includes:

Open-reel tape deck as component for 4-channel system.

Stereo models which can be converted to 4-channel, making them usable either as 2-channel or 4-channel equipment.

Four-channel model which can convert any 2-channel

Four-channel demodulator with matrix system.

Four-source, 2-signal, 4-channel matrix system, etc.

To a lot of stereo fans around the world, the mere mention of 4-channel stereo and Sansui Electric are matter of course. Most of them heard of both at the same time.

Sansui Electric is one of many post-war electronic and audio equipment specialists to emerge around the world. In fact, in Japan, it is the oldest audio company in a country that boasts a huge and diversified electronics industry. It is the company that introduced the first stereo integrated amplifier manufactured in Japan.

While many electronic companies in Japan make a wide and diversified line of equipment, Sansui is unique in that it has consistently made only audio—and high fidelity audio—at that—products.

Initially a maker of receivers, integrated amplifiers and power amplifiers, the company gradually expanded its line over the past decade to include speaker systems, turntables, stereo headphones, sets, reverberation amplifiers and various taping components from open reel to cassette tape decks.

With the introduction of the age of 4-channel sound about a year and a half ago, Sansui was again a leading force behind the shift from monophonic to stereo sound, made more than a decade ago, with its twofold introduction



Assembly line of stereo receivers.

of the Sansui QS system at both the recording and the receiving ends of the 4-channel picture.

Sansui not only made the QS encoder for use in broadcasting and recording studios, but also made the QS Synthesizer/Decoder or decoding matrix for use in home stereo systems.

This system enabled recording engineers to encode 4-channel information onto regular 2-channel stereo discs for future decoding in the reproduction system in the home.

As a stereo maker, Sansui incorporated its QS system into various 4-channel products. The company now offers 4-channel receivers with which to build a 4-channel system from scratch. 4-channel add-on amplifiers that are capable of converting existing 2-channel systems into 4-channel status, and other types of 4-channel products for more specialized usage.

Headquarters for the company are in Tokyo, but wholly-owned subsidiary companies have been with potential.

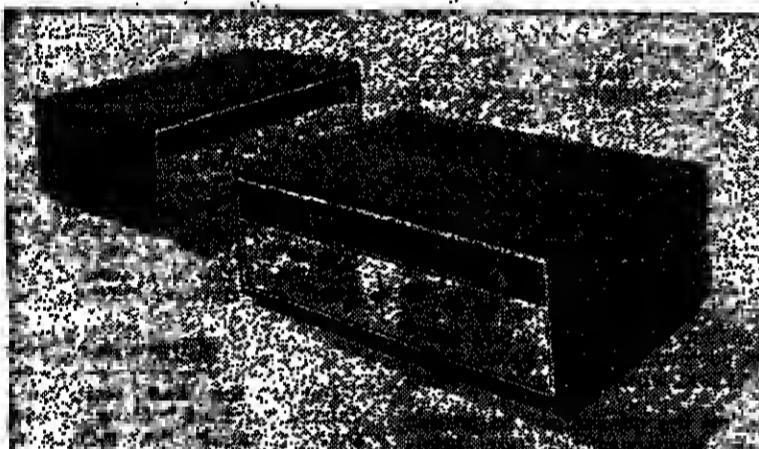
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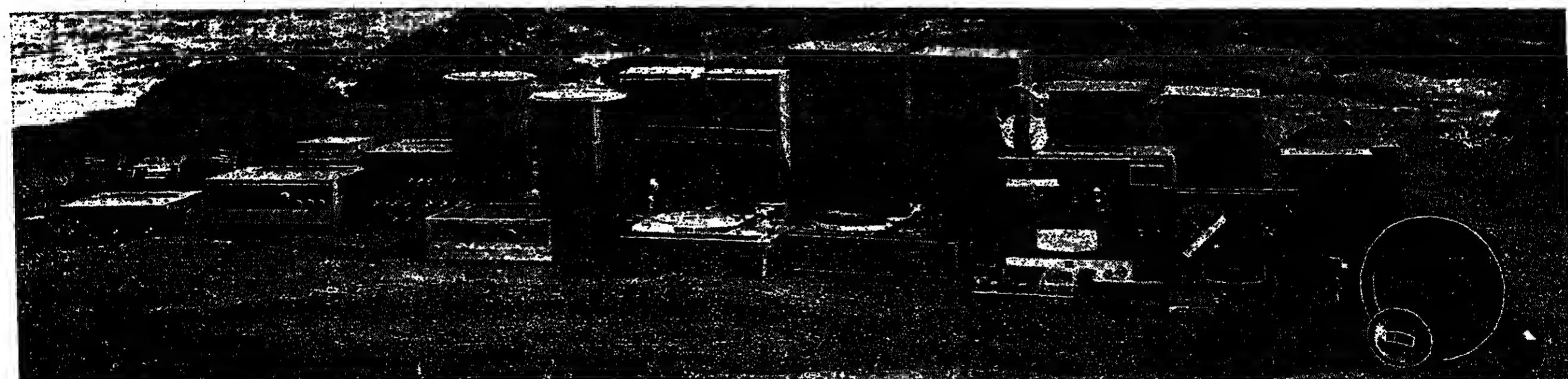
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Cameras: The Going Begins to Get Tougher

By Sam Lee Jones

TOKYO (IHT)—Japan's camera-making, which has gained a large hold on world markets, has problems—near-saturation of the domestic market, more competition from abroad in the low and medium-price fields, well-established foreign rivals in the high-price field and rising labor costs.

A sizable part of the industry is broadening its horizon, getting into the field of small, electronic calculators. Others in the industry are cutting back on their low-price and medium-price products and concentrating on the high-price lines.

In the almost glutted home market, it is estimated that nearly 70 percent of Japanese households already own at least one camera. The unsold inventory in the hands of manufacturers and dealers in this country is put at nearly two million cameras.

To move some of that inventory,

the industry is resorting to promotion "stunts," like offering the chance of a free trip to Hong Kong or Macao when a camera is sold.

But it has to be a Japanese camera, of course—not one of the imports from Hong Kong or Singapore. And, in the future, not one of the expected imports from China or the Soviet Union.

Products from those two coun-

tries are expected to damage Japan's already injured position in the low and medium-price fields. China's Sea Gull and Russia's Zenitie, both single-lens reflex cameras that are reportedly fine mechanically, are considered major threats to Japanese products.

The Sea Gull is expected to retail at between 8,000 and 20,000 yen here, depending on the model, and the Zenitie will probably go for about 15,000 yen.

Other Invaders

Already present in the low and medium-price fields are the invaders from Hong Kong and Singapore, plus America's Kodak Instamatics and Polaroids.

And, in the high-price range, there is strong competition from such foreigners as Germany's Leicas, Zeiss Ikon, Rolleis and Linhof. Increasingly affluent Japanese consumers are giving a big play to a Rollei that costs 195,000 yen, a Leicaflex at 395,000 yen and even the 498,000-yen Zeiss Ikon Contarex 5Z.

But because the unsold inventory of cameras here is predominantly in the low and medium-price fields, and because the quality single-lens reflex cameras grew in exports by 26 percent while domestic sales of all cameras were dropping 22.3 percent in the first six months of 1971, Japan's manufacturers are turning increasingly to the higher-price lines.

Major Firms

The four major makers of single-lens reflex cameras, currently the most popular type in the world, are Nippon Kogaku (Nikon), Canon, Yashica and Asahi Optical (Pentax). The first three share about 52 percent of total camera production in Japan, but Asahi Optical claims that in the single-lens reflex field it alone has 24 percent of the output.

Only three of those four firms have been able to keep their production lines devoted strictly to cameras and other optical devices. Nippon Kogaku, Yashica and Asahi Optical are still concentrating mostly on cameras and optics, but Canon, like many camera-makers, has begun full-scale marketing of electronic calculators. In fact, Canon, which changed its name from Canon Camera to Canon, Inc., had half its total sales in 1970 from office equipment.

The office-equipment field is dominated by Ricoh, originally a maker of photo-sensitive papers but the firm that introduced copying machines in 1963. It is now said to have 90 percent of the domestic market for office equipment, with electronic calculators accounting for 15 percent of its sales. Its cameras represented only 6.4 percent of its business in the first six months of the current fiscal year, down from the 7.9 percent level of the previous six months.

Ricoh's financial reports indicate that cameras represent 86 percent of its sales, with the rest involving office equipment. Olympus Optical, which had net profits drop 65 percent in the last half of fiscal 1970, switched from its once-popular half-frame cameras to quality, higher-price cameras, and entered into production of medical instruments, facsimile equipment and tape recorders.

The office-equipment field is booming, with more and more firms entering it. In 1960, sales were 12.6 billion yen. Now they have topped 66.7 billion, with 55.4 percent of that involving small electronic calculators.

Competition

Canon, Ricoh and Sharp Electronics are the biggest manufacturers of electronic calculators. There is strong competition to make smaller and cheaper models. In fact, when a little-known firm, Omron Tateishi, introduced a tiny model costing 43,000 yen last May, that was some 15,000 yen cheaper than the next lowest-price model, and a price war ensued. It resulted in an agreement by all makers to set price floors for similar export models.

The Japanese have employed their widely respected technological ingenuity to develop a market for what they call their calculators with a "new face."

In 1964, when everyone else was just introducing calculators with

Large Reserves

Despite the pines, shipbuilders as well as every

other export-oriented Japanese business have had built-in internal reserve commitments on income, all with the approval of the Tax Agency since 1968.

Such phrases as "voluntary earned surplus reserve,"

"provision for price fluctuation" and "special allowances, tax-deferred for incentive overseas opera-

tions" began cropping up in annual financial reports. Thus, since that time, tremendous reserves have been created within the corporations as a hedge against the change in the value of the yen.

Shipowners, pointing to some 30 million tons of ships in operation around the world, complain about possible losses of over 2,600 million yen when the current monetary crisis is settled. But at the Sept. 30 end of the first half of the current fiscal year, most of them reported rising income, continued dividend payments at the same percentage as the previous six months and only a slight drop in recurring profits.

Despite a sharp slump in August only one new ship was ordered by a foreign owner from Japanese shipyards—most shipbuilders do not express pessimism about the future. Why should they? They have building contracts extending through 1974, and a few even have contracts for delivery in 1975.

The greatest problem for shipbuilders is a loss

on some 2,000,000 million yen involved in dollar contracts on deferred payments over 7-8 years, which were prevalent until 1970, when yen-based contracts were introduced.

Butilders are asking the government to provide some kind of relief in the face of such losses, hopefully in the form of grants or tax reductions, or any measure which will help them.

Large Reserves

During the 1969 boom in world shipping, Japanese owners began chartering every available ship to handle the nation's rising imports of natural resources. But when the recession set in during 1970, the owners had over 17 million deadweight tons on charter from foreign owners, in addition to the world's largest fleet, Japan Line, Daishi Chuo Kisen and Show Line all are "in an awkward position" of overcharterage, making it difficult to sub-charter ships wherever they can.

Rising insurance rates on bottoms, up some 47 percent from 1968 on all types of ships, have eaten into owners profits. And what is predicted as a "Pacific container war," much like that in the North Atlantic, is staring everybody in the face.

manufacturers expect domestic

sales of 11 million units, less than the goal of 2.7 million for 1971. Exports for the year will probably total 900,000 units, well below the goal of 1.7 million or more.

This could lead to a new price war.

Domestically, the manufacturers want the Japanese to become as calculator-conscious as they are camera-prone. There's no reason why every household that has a camera or two shouldn't have a small, low-price calculator for kitchen accounting, the industry feels.

pieces in Singapore for export to Japan. In 1970, Japan imported 25 million IC pieces from Southeast Asia, between six and seven times the number brought in the year before. But since 1970, Hitachi, Toshiba and Mitsubishi Electric have developed their own LSI technology. Thus, the importance of the American firms in this Japanese industry's supply setup is seen as diminishing, to the glee of the independence-minded Japanese.

American firms, such as Texas Instruments, Motorola and Fairchild, have supplied much of the IC and LSI parts. These organizations reportedly have about 24,000 employees turning out IC

However, with business sluggish

all over, Japanese calculator

for the period to 30th June, 1971

"In the quarter which has just ended the net asset value has advanced to \$12.75 per share from \$10.57 at the 31st March. Overall, from 31st December, 1970 the net asset value has advanced from \$9.13 to show a 39.65% gain against a 34.62% gain for the Tokyo New Stock Exchange Index over the same period."

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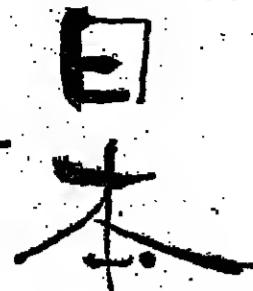
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The Auto Industry: Success After Success

TOKYO (UPI).—When U.S. Treasury Secretary John B. Connally came to Japan early in the world monetary crisis, the tall Texan made a plaintive pitch for compact American cars, launching what's called here "the Pinto war."

The American-made Pinto sells for about \$2,800 in the United States but retails at more than \$5,000 here, Mr. Connally complained at a news conference.

His complaint about this example of alleged Japanese protectionism brought an outpouring of explanations by the government and from Japan's auto industry, whose exports have registered sales gains of 216 percent on the American market in the past year.

The Japanese found fault with the Pinto, and by extension with similar U.S. compact cars, because of

• Size—the Pinto has one-half cubic centimeter too much in its 2,000-cu.-in. engine and is two inches too wide, and its size, weight and engine capacity place it in the 50-percent commodity-tax category, they said.

By contrast, they noted, the Volkswagen, which sells very well in Japan, is in the 15-percent commodity-tax bracket.

• Shipping—the Americans, the Japanese noted, don't have auto bulk carriers, special ships in which the Japanese and the Germans move cars around the world, and this lack raises the Americans' shipping costs.

• Dealer distribution—the Japanese said that a very small number of exclusive dealers distribute American cars here and to keep profits high, allegedly overcharge their customers.

• Refitting requirements—U.S. cars are not built to meet Japan's requirements and, after arrival here, must be refitted to Japanese standards, adding further to the imports' costs.

The Japanese gave a number of reasons for their auto's success in the United States.

Their most repeated argument is that they developed a special product for a special market, after effective market research. They produced cars for sale in foreign countries only, autos which are not seen on Japan's domestic market. They thus employed the same special-products approach

as their colleagues in the Japanese radio and television-set industry and other export manufacturers.

"We build cars in Japan to meet the American market," one Japanese authority said. "Before they are shipped from Japan, they can be driven on American roads without refitting."

These cars were developed at a time when American manufacturers were ignoring the compact market in the United States, the Japanese say. What's more, they add, they produced auto's which would sell in America, cars with improved performance, that were comparatively low-priced, that could be shipped economically in bulk vessels and that found competition only from European vehicles imported by the Americans.

The Statistics

Sales statistics justify the Japanese manufacturers' pride. Toyota, the largest of 11 Japanese auto makers, sold 768,287 units abroad in 1971, a surge of 23.2 percent over 1970. More than 45 percent of its foreign sales were in the United States. Nissan, which makes Datsuns and is this nation's second largest auto maker, sold 631,708 units abroad in 1971, 59.7 percent above 1970 total.

For trucks of all sizes, exports at the end of 1971 were expected to total 300,000 units, a 30-percent growth since 1968. One category, pickup trucks, showed a particularly remarkable surge—from 22,000 units in 1968 to 62,000 units in just the first nine months of 1971. And only two Japanese manufacturers, Toyota and Nissan, were exporting pickups.

Another special product of the Japanese auto industry is the small-capacity forklift. Powered with ordinary auto engines not requiring special assembly lines, they don't compete with the heavy-duty forklifts produced in America. Because the small Japanese forklifts are selling well in 100 foreign countries, especially in the Common Market nations, U.S. manufacturers, whose large-capacity products served as models for the Japanese forklifts, are now turning their

attention to this field. Total foreign sales of the Japanese exports were expected to be about 60,000 units for 1971.

Similarly, the Japanese avoid competition with existing U.S. products in another auto industry field—motorcycles. Japan exported 1,141,228 two-wheel vehicles in the first six months of 1971, more than 70 percent of them to America. Few were as highly powered as the American firms' specialities, motorcycles of 750-cu. or more.

Midwest Open

Japan's auto exports to Europe have grown, too, but not as spectacularly as their hold on the American market. In the first nine months of 1970, this country shipped 126,000 four-wheel vehicles to Europe; 152,000 units went European in the comparable period of 1971.

One aspect of the Japanese auto industry's future in America is especially bright—the prospects of developing sales in the Midwest, which has remained largely unexploited. The Japanese have concentrated their dealer networks on the more accessible East and West Coasts, where in 1971 they doubled the 1970 total.

The December fall-off from 70 billion yen Nissan will not expand on its fiscal 1971 investments of 70 billion yen. Mitsubishi Motors will have 204 billion yen available, about the same as the previous year. Hino Motors, principally a truck maker, will drop plant investments to 7

30,000 yen, in addition to other extra charges.

While sales prospects abroad remain favorable, the Japanese auto industry is worried about its domestic situation.

Sales of cars made in Japan have slumped. In the first 10 months of 1971, they were 2.2 percent below the comparable period of 1970.

Conversely, new-car registrations during that 1971 period—2,304,942 units—showed a 1.4 percent rise over the 1970 period, indicating that imports were denting the Japanese home market.

There was a small boom in new-car registrations in November, with 317,764 units representing a 22.9 percent rise over November, 1970. But in the first seven days of December, only 14,608 new cars were registered, less than half the total for that week in 1970. The drop occurred when new-car sales usually pick up because of year-end bonuses.

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30,000 yen, in addition to other extra charges.

The auto industry here produced 5,454,525 cars in fiscal 1970, which ended last March 31, for a 12.5 percent rise over the preceding year. For the current fiscal year, industry leaders predict 6,287,000 units—with 4,222,000 being marketed at home and 1,465,000 for export. The total output represents growth over fiscal 1970, but nothing like the 12.55 percent annual growth of the recent past.

The fall-off in the growth rate represents concern over the domestic economy. Business here has been groggy since mid-1970 and was further hurt by the Nixon administration's dollar and trade crackdown of Aug. 15, 1971. As sales have suffered here, so has business investment.

Cutbacks

Toyota halved its plant investments for fiscal 1971 to 80 billion yen and plans a 1972 cutback to 70 billion yen. Nissan will not expand on its fiscal 1971 investments of 70 billion yen. Mitsubishi Motors will have 204 billion yen available, about the same as the previous year. Hino Motors, principally a truck maker, will drop plant investments to 7



On the assembly line of Nissan Motors' Tochigi plant, north of Tokyo. Sam Lee Jones

billions yen from a planned level of 8.5 billion. Such cutbacks began late in 1970 and early last year, predating the Nixon dollar-protection program.

In addition to its domestic-sales problem, the Japanese auto industry is worried about the new Clean Air Act passed by the U.S. Congress. Manufacturers here doubt that they will be able to meet the stricter standards for auto exhaust that will be put into effect by the act in 1975, although Toyota is putting 10 billion yen into anti-pollution studies for 1972, and others are following suit. Additional problems for the auto industry arise from the situation in which Japan, like other auto-rich nations, finds itself—with an anti-car sentiment swelling because of rising high-

way deaths, traffic congestion, the need for more and more road improvements, the nuisance of parking tickets in the cities.

The opening, at mid-year in 1971, of the Japanese auto industry to foreign investment is not expected to have an immediate impact of great magnitude. General Motors is joining Isuzu Motors and Chrysler is tying up with Mitsubishi, but both those Japanese firms are comparatively small, and another minimizing factor is that the Americans are being allowed only a 35 percent share of the business.

Ford is having drawn-out talks with the little firm of Toyo Kogyo, and is reported not even close to final agreement. Toyo Kogyo makes the rotary-engine, the world's largest steelmaker.

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The Trading for the Year on the Tokyo Stock Exchange

This is a list supplied by the Stock Exchange of Japan showing the issues traded on the Tokyo Stock Exchange in 1971. The high and low for the year are given and the closing price on the last day of trading in 1971 (December 28). The quotations are in yen.

High Low Last

FISHERIES

Hokkaido Fishing 160 54 179

Hokkaido Marine 125 57 127

Kyokuto 111 62 114

Nichiro Fisheries 124 64 124

Nippon Suisan 172 105 182

Taiyo Fishery 123 55 125

MINING

Arabian Oil 950 750 905

Hokkaido Colliery 35 20 35

Japan Coal 99 3 3

Mitsubishi Coal 114 45 114

Mitsui Mining 60 45 64

Nippon Mining 512 177 289

Sunmoto Coal 365 175 420

Taiheiyo Kohatsu 125 55 125

Takoku Oil 93 54 93

CONSTRUCTION

Asano Construction 222 141 249

Aoki Construction 425 259 453

Chuo Constr 245 125 265

Daikin Nippon Doboku 255 207 250

Daiwa Constr 322 227 422

Daiwa House 275 195 275

Daiwa House 225 195 255

Daiwa House 247 190 240

Daiwa House 215 162 215

Daiwa House 200 150 200

Daiwa House

BUSINESS

Herald Tribune

Published with The New York Times and The Washington Post

INTERNATIONAL

PARIS, MONDAY, JANUARY 17, 1972

FINANCE

Eurobonds

A Credibility Gap Hits Europe, Fuels Demand for Non-Dollar Bonds

By Carl

PARIS, Jan. 16 (UPI)—A credibility gap hit Europe last week, drawing into question the new rates for the dollar on international exchange markets.

Doubts about the implementation of the Dec. 18 monetary agreement, wherein the Nixon administration promised to devalue the dollar in terms of gold, fueled the dollar's latest decline and raised the specter of a new crisis.

The administration bill, expected to have been submitted to Congress as soon as it reconvenes on Jan. 18, is to be presented early next month, presumably after the slow-moving trade negotiations with the Common Market have been completed.

While doubts spread about whether Washington will submit a bill if it does not receive what it considers satisfaction from Brussels—implying there would be no devaluation at all—the marketplace appears to be whistling that the dollar's reduction will be even bigger than contemplated. Obviously this is a paradox. But fear is not rational, and fear about the trade war that everybody thought had been dissipated on Dec. 18 appears to be rampant again.

For the Eurobond market, the new worries played out in familiar fashion: Non-dollar bonds, especially deutsche-mark issues, were in heavy demand.

A 100 million DM bond from Austria, announced mid-week, was reportedly oversubscribed in 24 hours. The mark has proved a good investment—two revaluations since 1969—and the current economic uncertainty in West

Germany has obviously not dimmed investors' confidence in the strength of the mark.

The issue is expected with a 7 percent coupon, down half a percentage point from the previous DM issue—and restoring the interest rate differential between DM and dollar bonds that had been eliminated in the glow of the Dec. 18 agreement.

On the secondary market, prices of non-dollar bonds climbed. In French franc issues, Air Liquide R 1/8 were up 1 1/2 at 102 and the European Investment Bank 7 3/4 rose 1 to 101.

European currency unit and Unit of Account issues were up sharply, as were DM bonds.

Among the ECU's, the Emai 7/4 were up 1 3/4 at 99 3/4 and South Africa's rose 1 1/2 at 100 3/4.

Heavy turnover in U.S. pushed South Africa 8 3/4 up 2 3/4 to 104 1/2 and Ecuadorean 8 1/4 rose 4 at 90 1/2.

For dollar bonds, the expectation that interest rates are headed lower balanced out concern about currency rates and prices held firm.

On the new issue side, activity continues at a brisk pace, causing some concern that the market could become clogged.

The biggest issue announced last week was for \$50 million from Britain's Imperial Chemical Industries. The bonds will be priced to yield slightly under 7 1/2 percent, issue managers S.G. Warburg report.

Given the indignation expressed by bankers about the cutting of indicated coupons in recent weeks, the wording maximizes

Warburg's options and eliminates its exposure to criticism of coupon cutting. The wording could mean pricing at a discount with a 7 1/4 percent coupon or at a

premium—now that the ground has been broken—at 7 1/2 percent. The \$70 million Shell issue came to market with a 7 1/2

(Continued on Page 17, Col. 4)

NEW YORK (AP)— Weekly Over the Counter Industrial giving the high, low and last closing price for the week with the net change from the previous week. All quotations supplied by the National Quotation Bureau. Dealers Inc. are not active. Transfers of a firm's recordable Interdealer prices at 1/4 and 1/2 of the last price. All recordable securities could have been sold. Prices are in dollars and cents. Retail markup, markdown or commission. Sales supplied by NASD.

Net High Low Last Chg.

High Low Last Chg.

N.Y. Bond Sales

Sales in \$1,000 High Low Last Net
Sales in \$1,000 High Low Last Net
(Continued from Page 16)

	Bonds in \$1,000	High	Low	Last	Net
Swed. Inv. 1970	17 79/8	79 1/2	78	78	+ 1/2
Swed. Inv. 1971	25 107/8	107 1/2	107 1/2	107 1/2	+ 1/2
Swed. Inv. 1972	32 105/8	105 1/2	105 1/2	105 1/2	+ 1/2
Swed. Inv. 1973	39 110/8	110 1/2	110 1/2	110 1/2	+ 1/2
Swed. Inv. 1974	46 112/8	112 1/2	112 1/2	112 1/2	+ 1/2
Swed. Inv. 1975	53 119/8	119 1/2	119 1/2	119 1/2	+ 1/2
Swed. Inv. 1976	60 126/8	126 1/2	126 1/2	126 1/2	+ 1/2
Swed. Inv. 1977	67 133/8	133 1/2	133 1/2	133 1/2	+ 1/2
Swed. Inv. 1978	74 140/8	140 1/2	140 1/2	140 1/2	+ 1/2
Swed. Inv. 1979	81 147/8	147 1/2	147 1/2	147 1/2	+ 1/2
Swed. Inv. 1980	88 154/8	154 1/2	154 1/2	154 1/2	+ 1/2
Swed. Inv. 1981	95 161/8	161 1/2	161 1/2	161 1/2	+ 1/2
Swed. Inv. 1982	102 168/8	168 1/2	168 1/2	168 1/2	+ 1/2
Swed. Inv. 1983	109 175/8	175 1/2	175 1/2	175 1/2	+ 1/2
Swed. Inv. 1984	116 182/8	182 1/2	182 1/2	182 1/2	+ 1/2
Swed. Inv. 1985	123 189/8	189 1/2	189 1/2	189 1/2	+ 1/2
Swed. Inv. 1986	130 196/8	196 1/2	196 1/2	196 1/2	+ 1/2
Swed. Inv. 1987	137 203/8	203 1/2	203 1/2	203 1/2	+ 1/2
Swed. Inv. 1988	144 210/8	210 1/2	210 1/2	210 1/2	+ 1/2
Swed. Inv. 1989	151 217/8	217 1/2	217 1/2	217 1/2	+ 1/2
Swed. Inv. 1990	158 224/8	224 1/2	224 1/2	224 1/2	+ 1/2
Swed. Inv. 1991	165 231/8	231 1/2	231 1/2	231 1/2	+ 1/2
Swed. Inv. 1992	172 238/8	238 1/2	238 1/2	238 1/2	+ 1/2
Swed. Inv. 1993	179 245/8	245 1/2	245 1/2	245 1/2	+ 1/2
Swed. Inv. 1994	186 252/8	252 1/2	252 1/2	252 1/2	+ 1/2
Swed. Inv. 1995	193 259/8	259 1/2	259 1/2	259 1/2	+ 1/2
Swed. Inv. 1996	200 266/8	266 1/2	266 1/2	266 1/2	+ 1/2
Swed. Inv. 1997	207 273/8	273 1/2	273 1/2	273 1/2	+ 1/2
Swed. Inv. 1998	214 280/8	280 1/2	280 1/2	280 1/2	+ 1/2
Swed. Inv. 1999	221 287/8	287 1/2	287 1/2	287 1/2	+ 1/2
Swed. Inv. 2000	228 294/8	294 1/2	294 1/2	294 1/2	+ 1/2
Swed. Inv. 2001	235 301/8	301 1/2	301 1/2	301 1/2	+ 1/2
Swed. Inv. 2002	242 308/8	308 1/2	308 1/2	308 1/2	+ 1/2
Swed. Inv. 2003	249 315/8	315 1/2	315 1/2	315 1/2	+ 1/2
Swed. Inv. 2004	256 322/8	322 1/2	322 1/2	322 1/2	+ 1/2
Swed. Inv. 2005	263 329/8	329 1/2	329 1/2	329 1/2	+ 1/2
Swed. Inv. 2006	270 336/8	336 1/2	336 1/2	336 1/2	+ 1/2
Swed. Inv. 2007	277 343/8	343 1/2	343 1/2	343 1/2	+ 1/2
Swed. Inv. 2008	284 350/8	350 1/2	350 1/2	350 1/2	+ 1/2
Swed. Inv. 2009	291 357/8	357 1/2	357 1/2	357 1/2	+ 1/2
Swed. Inv. 2010	298 364/8	364 1/2	364 1/2	364 1/2	+ 1/2
Swed. Inv. 2011	305 371/8	371 1/2	371 1/2	371 1/2	+ 1/2
Swed. Inv. 2012	312 378/8	378 1/2	378 1/2	378 1/2	+ 1/2
Swed. Inv. 2013	319 385/8	385 1/2	385 1/2	385 1/2	+ 1/2
Swed. Inv. 2014	326 392/8	392 1/2	392 1/2	392 1/2	+ 1/2
Swed. Inv. 2015	333 399/8	399 1/2	399 1/2	399 1/2	+ 1/2
Swed. Inv. 2016	340 406/8	406 1/2	406 1/2	406 1/2	+ 1/2
Swed. Inv. 2017	347 413/8	413 1/2	413 1/2	413 1/2	+ 1/2
Swed. Inv. 2018	354 420/8	420 1/2	420 1/2	420 1/2	+ 1/2
Swed. Inv. 2019	361 427/8	427 1/2	427 1/2	427 1/2	+ 1/2
Swed. Inv. 2020	368 434/8	434 1/2	434 1/2	434 1/2	+ 1/2
Swed. Inv. 2021	375 441/8	441 1/2	441 1/2	441 1/2	+ 1/2
Swed. Inv. 2022	382 448/8	448 1/2	448 1/2	448 1/2	+ 1/2
Swed. Inv. 2023	389 455/8	455 1/2	455 1/2	455 1/2	+ 1/2
Swed. Inv. 2024	396 462/8	462 1/2	462 1/2	462 1/2	+ 1/2
Swed. Inv. 2025	403 469/8	469 1/2	469 1/2	469 1/2	+ 1/2
Swed. Inv. 2026	410 476/8	476 1/2	476 1/2	476 1/2	+ 1/2
Swed. Inv. 2027	417 483/8	483 1/2	483 1/2	483 1/2	+ 1/2
Swed. Inv. 2028	424 490/8	490 1/2	490 1/2	490 1/2	+ 1/2
Swed. Inv. 2029	431 497/8	497 1/2	497 1/2	497 1/2	+ 1/2
Swed. Inv. 2030	438 504/8	504 1/2	504 1/2	504 1/2	+ 1/2
Swed. Inv. 2031	445 511/8	511 1/2	511 1/2	511 1/2	+ 1/2
Swed. Inv. 2032	452 518/8	518 1/2	518 1/2	518 1/2	+ 1/2
Swed. Inv. 2033	459 525/8	525 1/2	525 1/2	525 1/2	+ 1/2
Swed. Inv. 2034	466 532/8	532 1/2	532 1/2	532 1/2	+ 1/2
Swed. Inv. 2035	473 539/8	539 1/2	539 1/2	539 1/2	+ 1/2
Swed. Inv. 2036	480 546/8	546 1/2	546 1/2	546 1/2	+ 1/2
Swed. Inv. 2037	487 553/8	553 1/2	553 1/2	553 1/2	+ 1/2
Swed. Inv. 2038	494 560/8	560 1/2	560 1/2	560 1/2	+ 1/2
Swed. Inv. 2039	501 567/8	567 1/2	567 1/2	567 1/2	+ 1/2
Swed. Inv. 2040	508 574/8	574 1/2	574 1/2	574 1/2	+ 1/2
Swed. Inv. 2041	515 581/8	581 1/2	581 1/2	581 1/2	+ 1/2
Swed. Inv. 2042	522 588/8	588 1/2	588 1/2	588 1/2	+ 1/2
Swed. Inv. 2043	529 595/8	595 1/2	595 1/2	595 1/2	+ 1/2
Swed. Inv. 2044	536 602/8	602 1/2	602 1/2	602 1/2	+ 1/2
Swed. Inv. 2045	543 609/8	609 1/2	609 1/2	609 1/2	+ 1/2
Swed. Inv. 2046	550 616/8	616 1/2	616 1/2	616 1/2	+ 1/2
Swed. Inv. 2047	557 623/8	623 1/2	623 1/2	623 1/2	+ 1/2
Swed. Inv. 2048	564 630/8	630 1/2	630 1/2	630 1/2	+ 1/2
Swed. Inv. 2049	571 637/8	637 1/2	637 1/2	637 1/2	+ 1/2
Swed. Inv. 2050	578 644/8	644 1/2	644 1/2	644 1/2	+ 1/2
Swed. Inv. 2051	585 651/8	651 1/2	651 1/2	651 1/2	+ 1/2
Swed. Inv. 2052	592 658/8	658 1/2	658 1/2	658 1/2	+ 1/2
Swed. Inv. 2053	599 665/8	665 1/2	665 1/2	665 1/2	+ 1/2
Swed. Inv. 2054	606 672/8	672 1/2	672 1/2	672 1/2	+ 1/2
Swed. Inv. 2055	613 679/8	679 1/2	679 1/2	679 1/2	+ 1/2
Swed. Inv. 2056	620 686/8	686 1/2	686 1/2	686 1/2	+ 1/2
Swed. Inv. 2057	627 693/8	693 1/2	693 1/2	693 1/2	+ 1/2
Swed. Inv. 2058	634 700/8	700 1/2	700 1/2	700 1/2	+ 1/2
Swed. Inv. 2059	641 707/8	707 1/2	707 1/2	707 1/2	+ 1/2
Swed. Inv. 2060	648 714/8	714 1/2	714 1/2	714 1/2	+ 1/2
Swed. Inv. 2061	655 721/8	721 1/2	721 1/2	721 1/2	+ 1/2
Swed. Inv. 2062	662 728/8	728 1/2	728 1/2	728 1/2	+ 1/2
Swed. Inv. 2063	669 735/8	735 1/2	735 1/2	73	

Cowboys Defeat Dolphins in Super Bowl, 24-3

Dallas Rushes for 252 Yards; Staubach Passes for 2 Scores

From Wire Dispatches

NEW ORLEANS, La., Jan. 16. Roger Staubach led the Dallas Cowboys to a 24-3 victory over the Miami Dolphins in Super Bowl VI today.

Passing for two 7-yard touchdowns to Lance Alworth and Jim Dittka — and flawlessly leading a ground attack that set a Super Bowl record of 252 yards gained, Staubach did what no other quarterback has been able to do for the Cowboys in their 12-year history — wipe out the elusive “can’t-win-the-big-game” label. Last year Dallas lost the Super Bowl to Baltimore.

But with Staubach calling signals from the Cowboys’ multiple options and with plays sent in by coach Tom Landry, the Cowboys reeled off their 10th consecutive victory in a season-opening streak that has carried the National Football Conference champions to the National Football League crown.

Staubach Most Valuable
Staubach was voted the “most valuable player” award.

But it was the Dallas running back which completely dominated the action, smashing the Super Bowl record of 160 yards by the Green Bay Packers in 1968. The Cowboys set an

unprecedented record of 252 yards gained, Staubach set a

Keino Wins Mile in 3:59.4; McGrady Returns, Takes 600

By Neil Amdur

COLLEGE PARK, Md., Jan. 16 (UPI). — Almost effortless, with no serious speed or stamina requirements, Kipchoge Keino shattered 4 minutes in the mile for the first time indoors Friday night.

Dredged on by a roaring record crowd of 11,125 in Cole Field House, the 31-year-old Kenyan alumnus and Olympic champion clocked 3 minutes, 59.4 seconds, ending a 57-day final quarter-mile that left 5-yard relays, including Juris Lutkus, far behind.

Keino’s performance highlighted the fifth and most successful National Invitation track meet that also saw the triumphant return of Martin McGrady, the chairman of the boards.

McGrady, the world record-holder at 600 yards, resumed his dominance of his specialty with a convincing 5-yard victory over Jimmie Turner, Jay Elbel and Jim Evans. McGrady’s time, 59.2, was almost as impressive this early in the season as Keino’s mile.

Reynaldo Brown, Tom Blair and Adolph’s superb mile-relay team capped the remarkable start of the indoor season with record performances.

Brown, national outdoor high-jump champion, cleared 7 feet 4 inches on his second attempt, setting the second-best indoor performance ever.

Second in the high jump was record-holder Pat Matzendorf, Wisconsin, who cleared 7-1.

Blair, the Pennsylvanian pole vaulter, cleared 17 feet on his first jump, the finest effort by a Eastern collegian, indoor or outdoor.

Blair then cleared 17-2 1/2 on his last attempt.

Keith Davis, Larry Ross, Dennis Walker and Clyde McPherson wrote Adolph into the record books with a mile-relay time of 14.7, the fastest time ever on the indoor track.

No runner has ever run a mile sub-four-minute mile in this early in the season. Then, Keino has few peers as a world-class athlete.

He arrived in New York early yesterday morning after a tedi-ous 18-hour flight from Africa to Washington; slept 13 hours; worked out briefly this morning, and then gave Jim and Marty Liquori, his United States Olympic rivals,

Hutchwoman Takes European Speed Skating

NEUEN, West Germany, Jan. 16 (UPI). — Atje Keulen-Decschaer, the Netherlands today won the European women’s speed skating championship with a world four-event combined total of 182.805 points.

Mr. Keulen-Decschaer, a mother of three children and at 33 years of age the oldest competitor at Inzell, bettered the record of 182.817 points held by countrywoman Stien Bausler.

The Dutchwoman finished third in the final event, the 500 meters, to take the title and unseat the defending European and world champion, Russia’s Nina Stakerich, who was third with 183.385 points. Miss Stakerich won the 3,000 meters, it was not enough. Third Russia’s Ludmilla Savchenko, 1.183.443 points.

Mr. Atje Keulen-Decschaer, 1.150 meters and placed ninth in both the 500 and 1,000-

other Super Bowl record with 22 first downs—an important achievement because it gave them fantastic ball control. In all, the Dallas attack rolled for a total of 352 yards.

Deane Thomas, the silent but explosive running back of the Cowboys, carried 19 times and gained 95 yards while Walt Garrison carried 14 times for 74 yards gained. Staubach did what the other quarterback has been able to do for the Cowboys in their 12-year history—wipe out the elusive “can’t-win-the-big-game” label. Last year Dallas lost the Super Bowl to Baltimore.

But with Staubach calling signals from the Cowboys’ multiple options and with plays sent in by coach Tom Landry, the Cowboys reeled off their 10th consecutive victory in a season-opening streak that has carried the National Football Conference champions to the National Football League crown.

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But it was the Dallas running back which completely dominated the action, smashing the Super Bowl record of 160 yards by the Green Bay Packers in 1968. The Cowboys set an



RECEIVERSHIP—Lance Alworth of Cowboys scores touchdown on pass from Roger Staubach. The play covered 7 yards in second quarter and gave Dallas a 10-6 Super Bowl lead. Curtis Johnson of Dolphins (45) watches helplessly. Dallas won, 24-3.

Duvillard Keeps World Cup Lead

J.-N. Augert Takes Slalom; Schranz Wins 3d Downhill

By Bernard Kirsch

KITZBUEHL, Austria, Jan. 16 (UPI). — Henri Duvillard did nothing exciting today except show that he is the most complete men’s skier. The thrills were once again left for Karl Schranz and Jean-Noel Augert and once again they handled them perfectly.

This was an 11-play drive, covering a total of 76 yards, that ended with Staubach’s scoring pass to Alworth. It was the only fumble all year by Csonka, and that turned out to be a bad omen.

Later came a pass interception by veteran Cowboy linebacker Chuck Howley that led to a fourth-quarter touchdown, and

the Cowboys’ vaunted “Downy Defense” forced the Dolphins, the American Conference champions, into at least three key mistakes.

The first was a fumble by Dallas running back Larry Csonka that led to the first score of the game—Mike Clark’s first-period 8-yard field goal. It was the only fumble all year by Csonka, and that turned out to be a bad omen.

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The first was a fumble by

Observer

What the Words Mean

By Russell Baker

WASHINGTON.—One trick to following the news during a political campaign begins with understanding that American reporters, Vice-President Agnew's testimony notwithstanding, almost invariably write in an idiom of praise.

Thus, a political who is well known for lying will never be described in the papers or on television as, say, "Senator Survival, an incorrigible liar" or in any variation approximating this forthright statement of the fact. Instead, the reporter will struggle to describe his man in words that give him a pat on the back.

"I will write that Sen. Sorine is widely respected as a wily political operative with a genius for keeping his opponent off-balance." Translated from political jargonese, this means, "no body can believe a word the rascal says."

For the reader who wants to follow the campaign intelligently then, the first step is to learn to watch out for the alarm signals of reporters' praise words and spotting them, to stop immediately and translate.

Many politicians, as we know from the history books, are unprincipled opportunists with no coherent program in mind beyond getting elected, and then getting re-elected. The history books tell us this, but no one whose knowledge of government comes entirely from newspapers and watching television is likely to guess at it.

This is because reporters, confronted with a man of negligible principle and limitless appetite for office, will invariably call him a "pragmatist." Generally speaking, "pragmatist" and "pragmatic" are reporters' praise words for dressing up the fact that the political under discussion will stand for whatever it takes to get elected.

The person who follows politics and government closely have noticed that, according to newspaper and television, every man on the public payroll has either "a wonderful or a good sense of humor." Some public men do, in fact, have good sense of humor. Such a man is said by reporters to have "a wonderful sense of humor." If the reporter, however, says, "Bill Sykes has a good sense of humor," it almost certainly means that Sykes

Schumann in Tokyo

TOKYO, Jan. 16 (AP)—French Foreign Minister Maurice Schumann arrived in Tokyo today for a two-day visit that will include talks with Japanese Foreign Minister Takeo Fukuda.

hasn't laughed at anything since the last time he squashed out a cigar butt on a sleeping orphan. Some praise words are extremely difficult to translate precisely into English. Lately, to take a case, reporters have been describing every other public man in Washington as "soft-spoken," a warm good-guy term which conjures up images of Gary Cooper doing the right thing when the chips are down. Actually, in translation it means "evasive," "numb-minded," "woolly-headed," and in some cases, perhaps, "drunk."

Yes, our public men, some of them, do get drunk at times,

but never in political jargonese.

There they are "flaunted," "over-worked," "lambent," "out-spoken" or "resting from the terrible stresses of government."

The more influential the statesmen under consideration, the more intense the praise words.

The White House being the most influential set of offices in the country, its occupants naturally receive more gushing praise than any other persons in Washington.

Thus, anybody on the White House staff who would not be embarrassed to take an intelligence test is commonly described as "brilliant." Anyone under the age of 49 is "young." Does he refuse to speak to anyone of lower rank except to bully and insult? He is a "tireless demanding worker whose brutal 18-hour days would kill any man less devoted to his job."

To the reporters, public men

differ from common humanity,

for their ranks do not include anyone of mean spirit or cold heart. Mean-spirited, cold-hearted men are almost always, in political jargonese, "tough minded." They are "level headed." They are "realistic."

As a general rule of thumb,

any person described in political jargonese as "tough minded," "level headed" and "realistic"—all in one paragraph—can be safely regarded as a man who would make Attila the Hun, by comparison, seem like a "bleeding heart."

The journalist's custom of giving indiscriminate praise to every public man since Stalin leaves a problem: how to recognize the man who deserves the praise the reporters give him. Here the trick is to watch for telltale reporters' phrases hinting that the man being discussed lacks such qualities as meekness, evasiveness, callousness, mean-spiritedness, opportunism, bloody-mindedness and megalomania.

If, in political jargonese, he is called "unrealistic," "romantic," "a poet" or some similar term suggesting that he is not the sort who could whip any man in the bar, he is being genuinely praised in political jargonese, which simultaneously suggests that none of us would be foolish enough to vote for him.

"I am not suggesting a benevolent dictator, a totalitarian state or anything of the sort. I am totally opposed to a punitive system of any kind. I want people in general, wherever they are in society, to look around them and see what's going on."

Behavior Scientist On the Defensive

By Bella Stumbo

LOS ANGELES.—Temporarily at least, B. F. Skinner, the man generally regarded as the world's leading behavioral scientist, had given himself up to the simpleminded worship of Southern California sunshine.

Just in from near-freezing Boston, he was sprawled in a deck chair, watching his wife splash in the oversized swimming pool at the Bel-Air Hotel. He looked pale, a little frazzled, a man in need of a respite.

Prof. Skinner summed up his past three decades of research into the behavior of rats, dogs, pigeons and humans last fall in his most controversial book so far.

Entitled "Beyond Freedom and Dignity," the work says we can achieve a world free of wars, pollution and other social evils—if we abandon our vain fixation with individual freedom and submit, instead, to a vast new system of controls superimposed on our behavior which will compel us to be altruistic, instead of selfish.

Best Seller

To the astonishment of the academic world, the book has been on the best-seller list for 13 successive weeks. And to the amazement of B. F. Skinner, too.

"I don't know why it's selling so well," Prof. Skinner said, smiling and clearly delighted. "Maybe people just read it so they can get mad," and some readers have taken offense at the professor's insistence that human behavior is simply the result—good or bad—of environmentally conditioned responses. Some critics have accused Prof. Skinner of trying to lead us down the road to a totalitarian, Orwellian world of 1984—a world dominated by some elite cadre, perhaps of behavioral scientists.

Prof. Skinner denies it all. He is not trying to take away freedom, he says, because essentially we aren't free anyway, even if we think we are. Despite our democratic reverence for "individual freedom," there is no such thing as the autonomous man, says Prof. Skinner.

"Scientific evidence has proven man is controlled by his environment. And I am simply proposing that we take advantage of that scientific knowledge about human behavior. Then we can use it to design a system that will control men in ways that are good."

If we don't follow his advice, Prof. Skinner says, the culture (state, nation) will weaken and eventually die, overwhelmed by its own uncontrolled population, rampant crime, war, etc. It is an eventually he finds unthinkable.

Harvard Prof. Skinner, 67, is not a man who views his responsibility lightly.

"Our concept of individual freedom and dignity is standing in the way of progress," he said, squinting against the bright sun, his voice soft, but certain. "We've gotten the world into its present grim situation by allowing people to do as they please. When left alone, it's obvious that people will do what comes naturally—like reproduce and overpopulate the world."

"So, now, we must begin to control human behavior. We have to redesign the entire system so it makes people behave in better ways—ways that strengthen and perpetuate the culture, long after the individual is dead and gone."

He paused, sighing, perhaps a little overwhelmed himself at the magnitude of the changes he envisions. Prof. Skinner is the inventor of the "Skinner box" for controlled environment, author of "Walden Two" and lifelong opponent of the

idea that man is somehow a free agent, autonomous from his environment.

"Men die, but the culture must go on," he said flatly.

"We must create a system in which everyone—especially our youth—is as concerned with preserving the culture as the young Communists Chinese are in mainland China."

In Prof. Skinner's language, the process of conditioning people to behave for the good of the society is called operant conditioning, a technique of setting up rewards to stimulate the desired behavior patterns. Rewards, he says, are more effective than punishment in getting "desirable" behavior.

Prof. Skinner says operant conditioning would be applied to all sectors of human affairs, from education to labor to international relations.

Asking for hard examples yields vague results. Prof. Skinner is not a man interested in the details of how to do theory's apply to tomorrow's world. It is an attitude some find disturbing.

Who, asks some critics, is going to devise these new controls on human behavior, and who is going to define for us what behavior is desirable and what is not?

Prof. Skinner says he has no select cadre of superthinkers, supervised or dictators in mind, although in his book he says control of the new world should be delegated to specialists—police, priests, teachers, therapists.

"I did not mean that sentence literally," said Prof. Skinner. "I am not suggesting a benevolent dictator, a totalitarian state or anything of the sort. I am totally opposed to a punitive system of any kind."



B. F. Skinner: "Beyond Freedom and Dignity."

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Help From All

Instead, he says, "I want people in general, wherever they are in society, to look around them and see what's going on. We can all help design the new system."

If it is up to us all, then, what prospect is there for any of it ever coming to pass? Have we come full circle?

No, Prof. Skinner says. "I think we're seeing some slow progress now," he said vaguely. He mentioned prison reforms which provide inmates with jobs, salaries, "a sense of worth."

"I think the change will come about, however, probably piecemeal. The evolutionary process will slowly strengthen the culture through natural selection. But, it's all happening too slowly, that's what bothers me."

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PEOPLE: Henry Kissinger And Mrs. Fursova

Dr. Henry Kissinger, top foreign policy adviser to President Nixon, and Ekaterina Fursova, top woman in the Soviet government, traded light-hearted verbal jabs Thursday night, including some fast-paced banter on Kissinger's way with women.

"I heard you had so much success with Hollywood stars," Mrs. Fursova told Kissinger in the impromptu sparring match at the Soviet Embassy in Washington. "Is that true?"

"I won't explain my relationship with the movies," Kissinger retorted with a grin.

"Will he be as great a success with the ladies in Russia as he is in America?" another guest asked Mrs. Fursova.

"More so," she predicted. "You will have even more success with the women when you come to Moscow—that's dangerous. I don't envy the women you'll be with."

Kissinger glanced at the golden-haired Mrs. Fursova in mock dismay and quipped:

"I hope you have a good heart specialist in Moscow."

"Of course, we do," she said.

"Don't worry."

Then she eyed him up and down and said:

"I thought you were taller. . . . Yes, much taller," and a mischievous smile crinkled her eyes.



Ekaterina Fursova

Will Yolen of New York City claimed a world record Saturday when he flew 50 kites and a bottle of champagne on a single, hand-held line. Yolen, president of the International Kite Fliers Association, managed thefeat on the second attempt and broke a record he set in 1963 after sending 30 kites aloft. As he lit the 31st kite, onlookers passed him an empty champagne bottle which he promptly sent skyward on the 100-pound test line over the Gulf of Mexico at Sarasota, Fla.

Henry Kissinger

comes from Ober-Betzen, manager of the West German youth underground factor in Jerusalem, which makes kites for Israeli and American markets. Rottenberg gave statistics but told an AP viewer: "Yes, it's true. Girls do need on average a cup size than women, since they are larger."

Economic note—The Dutchess of Windsor, who was attempting off and on three years to sell their vast estate outside Paris, has sold on the block with less success. The Old Mill, a 16th-century manor house, was sold at a figure of \$12,000 a day when it was put up for the first time in 1968. It was during this time of the French student revolution that the house was sold.

Now the sales price has been cut in half, but instead of about acres of land only six acres are included in the package. An acre of land can't be rented, the duke's secretary

notes.

Israeli girls wear bigger brasieres than most women in Europe, an Israeli bra authority claims. This uplifting assessment

comes from Ober-Betzen.

It was back in 1911 and he needed a bike for his job as a delivery boy for an Oklahoma City office supply firm. He got a bike frame from his friend, Dennis Miller, and promised to pay Miller \$10. He never paid. "I am really ashamed to think of owing a debt for 60 years," read the letter from a Mesa, Ariz., resident who asked that his name not be used. So he sent a \$12.50 check last week to the Oklahoma City Salvation Army office and asked that it be applied to a fund for the needy in the name of Dennis Miller, "one of the nice boys I have ever known."

A Brussels motorist mistook a subway tunnel for the entrance to an underground car park here early Saturday, and drove along it for more than a kilometer, doing extensive damage to his car and apparently to the walls of the tunnel.

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